Daily Report

Latin America

FBIS-LAT-95-054
Tuesday
21 March 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-054 *21 March 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Brazilian Envoy Arrives in Peru To Monitor Peace Process *[Brasilia Radio]* 1
Security Summit To Consider Caricom Force in Haiti 22 Mar *[CANA]* 1
Venezuela Seeks Increased Communications With Caricom *[CANA]* 1

CARIBBEAN

Cuba

Fidel Returns From Copenhagen Summit, Paris UNESCO Headquarters *[Havana Radio]* 2
Receives Medal on Tour *[Havana Radio]* 2
Media Describe Fidel Castro's French Visit as Historic *[PRENSA LATINA]* 2
Robaina Discusses European, Canadian Relations *[Havana Radio]* 2
Lage, Robaina Commemorate 50 Years of Relations With Canada *[Havana Radio]* 3
Lage Satisfied With 'Seriousness' of Ties With Canada *[PRENSA LATINA]* 3
Foreign Minister Robaina Begins Visit to Canada *[PRENSA LATINA]* 3
'To Strengthen Bilateral Relations' *[Havana TV]* 4
PRENSA LATINA, Hungary's MTI Sign Cooperation Agreement *[PRENSA LATINA]* 4
Iran Signs Accord; Oil-for-Sugar Discussions Underway *[Havana Radio]* 4
'Straight Talk' on U.S. Blockade *[Havana Radio]* 4
Delegation Concludes Guantanamo Perimeters Tour *[Havana Radio]* 6
CTC Says Reactivation of Sugar Industry Vital *[PRENSA LATINA]* 6
Article on Impact of Currency Deregulation *[PRENSA LATINA]* 6

Barbados

Minister Answers U.S. Congressman's Alleged Loan 'Threat' *[CANA]* 10

Haiti

Port-au-Prince Mayor Renews Call for Unity, Tolerance *[Port-au-Prince Radio]* 11
French Legislators Conclude 'Positive' Visit *[Port-au-Prince Radio]* 11
Reconstruction Movement Announces Executive Body Members *[Port-au-Prince Radio]* 11

MEXICO

Zedillo Comments on Economic Adjustment Program *[Mexico City Radio]* 12
Commerce Secretary Statements on Prices 'Irresponsible' *[UNOMASUNO 15 Mar]* 12
Labor Congress Opposes VAT Increase, Demands Tax Breaks *[EL FINANCIERO 16 Mar]* 13
Bank of Mexico Defends Handling of Monetary Policy *[EL FINANCIERO 16 Mar]* 13
Trade Balance Registers $452 Million Surplus in February *[LA JORNADA 16 Mar]* 14
Finance Official Reveals Losses Caused by Devaluation *[EL FINANCIERO 16 Mar]* 14
Coparmex Offers Plan To Face Economic Crisis *[LA JORNADA 15 Mar]* 15
Bankers Association Assesses Reorganization Program *[EL FINANCIERO 15 Mar]* 17
AMB President Confident Interest Rates To Decrease *[NOTIMEX]* 18

CENTRAL AMERICA

El Salvador

Cuban Chamber of Commerce President Meets With Businessmen
[LA PRENSA GRAFICA 17 Mar] 19

Honduras

Reina on Social Summit, Human Rights, Issues *[Tegucigalpa Radio]* 19
Minister Charges Guatemala, El Salvador With Ignoring Pacts *[LA TRIBUNA 17 Mar]* 21

Nicaragua

President Downplays D. Ortega Remarks; Announces Debt Deal
[EL NUEVO DIARIO 16 Mar] 21
Lacayo Cited on Political Plans, Ortega's Statements *[EL NUEVO DIARIO 18 Mar]* 22
Government Begins Renegotiating San Jose Oil Accord *[LA PRENSA 15 Mar]* 22

Panama

President, Costa Rican Counterpart Issue Joint Communique
[LA ESTRELLA DE PANAMA 20 Mar] 23

SOUTH AMERICA

Argentina

Menem Resumes Official Duties Following Son's Death *[TELAM]* 24
Poll Indicates First Round Menem Victory in May Elections *[CLARIN 19 Mar]* 24
Finance Secretary Calls for More Internal Savings *[NOTICIAS ARGENTINAS]* 24
Modin Candidate Favors Ending Convertibility *[CLARIN 19 Mar]* 25
Tucuman Public Workers Stage Protest, Demand Salaries *[NOTICIAS ARGENTINAS]* 26

Bolivia

Article Supports U.S. Decision on Certification *[HOY 11 Mar]* 26

Brazil

Government Note Defends Sivam Tender Winner Raytheon
[FOLHA DE SAO PAULO 17 Mar] 27
Operation of First Sivam Radar Announced for 26 Mar *[Madrid EFE]* 27
Deputies on Constitutional Amendment Committees Profiled *[AGENCIA ESTADO]* 27
'Parallel' Constitutional Reform Under Debate *[AGENCIA ESTADO]* 28
Government Submits Social Security Bill to Congress *[O ESTADO DE SAO PAULO 16 Mar]* 29
Unions Pressure PT To Delay Social Security Reform Debate
[FOLHA DE SAO PAULO 17 Mar] 30

Chile

FACh Commander Denies Reported Disagreement With Israel *[Madrid EFE]* 30

Colombia

Samper Announces Counternarcotics Agreement With EU *[Santa Fe de Bogota Radio]* 31
Minister on Border Situation, Guerrilla Leader's Death *[Santa Fe de Bogota TV]* 31
Truth of Report of Death of Top FARC Leader Questioned *[Santa Fe de Bogota TV]* 31

Ecuador

Poll Shows Growing Support for Duran-Ballen *[Quito Radio]* 32
Financial Authorities To Report on War Costs *[Quito Radio]* 32
Finance Minister Comments on Threat of Political Trial *[Quito Radio]* 32
Energy Minister Rules Out Hike in Electricity Rates *[Quito Radio]* 33
Japan's Eximbank Grants $600 Million Credit *[EL UNIVERSO 5 Mar]* 33

Paraguay

Vice President on Peasant Rally, Concerns About Subversion *[ABC COLOR 16 Mar]* 33
Wasmosy Denies Coup Rumors; Says Oviedo Will Not Retire Yet *[ABC COLOR 20 Mar]* 34
Wasmosy Explains Reason for Early Return From European Trip *[ABC COLOR 20 Mar]* 34
Wasmosy Dismisses Coup Rumors, Rejects Stroessner Amnesty *[ULTIMA HORA 20 Mar]* 35
Oviedo Denies Involvement With Political Movement *[Asuncion TV]* 35

Peru

Poll: Fujimori's Support Increases for April Election *[Madrid EFE]* 36
Perez de Cuellar on Ecuador, Elections *[CARETAS 9 Mar]* 36
Antisubversive Contingents in Upper Huallaga Reinforced *[Mardid EFE]* 40
Peruvian Drug Cartel Membership Described *[EL COMERCIO 9 Mar]* 41

Venezuela

Caldera Dedicates Theater of Operations at Colombian Border *[Madrid EFE]* 42
Industry, Commerce Minister Resigns *[NOTIMEX]* 42

Guyana

State Airline Fined for Transporting Illegal Immigrants *[CANA]* 43
Jagan: 'Firm Stand' Planned Against Escalating Drug Trade *[CANA]* 43
Jurists Recommend Inquiry Into Politician's Death *[CANA]* 43

Brazilian Envoy Arrives in Peru To Monitor Peace Process

PY2003135695 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 20 Mar 95

[FBIS Translated Text] Ambassador Julio Cesar Gomes dos Santos, an envoy of Brazilian President Fernando Henrique Cardoso, has arrived in Peru to evaluate the peace process at the Peruvian-Ecuadoran border.

Gomes dos Santos went to Bagua, the center of operations of the mission of observers from the Rio de Janeiro Protocol guarantor countries. The Rio Protocol demarcated the Peruvian-Ecuadoran border.

The Brazilian envoy said that his objective is to monitor compliance with the terms of the Itamaraty peace declaration. He said he is very optimistic about resolving the conflict.

Security Summit To Consider Caricom Force in Haiti 22 Mar

FL2003190595 Bridgetown CANA in English 1830 GMT 20 Mar 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, March 20, CANA—The peace keeping operations of Caricom (Caribbean Community) troops in Haiti are among several matters on the agenda for the Caribbean island nations security conference which opens in Santo Domingo Wednesday. Discussion will also focus on, "future perspectives for regional security to create a defence system that can respond to our common threats and unexpected emergencies," said the ministry of national security here. The conference theme is "Coalition Efforts in the Caribbean" and the meeting is being hosted by the secretariat of the armed forces of the Dominican Republic and the United States Atlantic Command. The heads of military forces in the Bahamas, Belize, Guyana, Haiti and Jamaica are expected to attend in addition to police commissioners from Antigua and Barbuda, Barbados. Dominica, Grenada, St. Kitts-Nevis, St. Lucia and St. Vincent and the Grenadines. Observers and presenters are also expected to come from Canada, France, the Netherlands, United Kingdom and United States. Trinidad and Tobago will be represented by head of the Defence Force Brigadier Carlton Alfonso, who will be accompanied by Captain Anthony Phillip-Spencer, the ministry said.

Venezuela Seeks Increased Communications With Caricom

FL1803011995 Bridgetown CANA in English 1834 GMT 17 Mar 95

[FBIS Transcribed Text] Bridgetown, Barbados, March 17, CANA—Venezuela, which wants to play a more active role in the Caribbean, is looking at ways to increase the flow of news and information between itself and the 14-nation Caribbean Community (Caricom), according to a Barbados-based diplomatic representative of the South American nation.

Manuel de Casas, press attache at the Venezuelan Embassy here, spoke this week after his mission became the latest foreign diplomatic outpost here to receive a daily feed of Caribbean news through the Wire Service of the Caribbean News Agency (CANA). DeCasas, describing the arrangement with CANA an an important step towards global communications integration, said the service will be used by the Venezuelan Foreign Ministry to keep abreast of developments in the Caribbean. De Casas said CANA, the leading source of news about the Caricom region, was regarded in Venezuela as "an objective and very well informed source."

"The modern world is bombarded every second by millions of events; therefore, contemporary men and organisations must seek and be prepared to select the most (appropriate) information," he said. "In this respect, CANA represents a very reliable source and a most adequate form of getting a prompt and a sophisticated system of news. Since this is one step, we look forward to the immediate future to establish other agreements to reciprocate news from Venezuela."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Fidel Returns From Copenhagen Summit, Paris UNESCO Headquarters

FL1703140295 Havana Radio Progreso Network in Spanish 1200 GMT 17 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] Commander in Chief Fidel Castro and the delegation that accompanied him returned to Cuba at 0235 this morning from Paris, France. Fidel Castro participated in the social development summit that took place in Copenhagen, Denmark, and later traveled to France where he visited UNESCO headquarters in Paris, as well as meeting authorities and personalities in that country.

Receives Medal on Tour

FL1803000895 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Mar 95

["Segment" of ceremony at which President Fidel Castro was awarded the France's Wine Growers Medal; from the "National Radio News"—recorded]

[FBIS Translated Text] President Fidel Castro returned to Cuba before dawn after a four-day trip to France, following a visit to Copenhagen, Denmark, where he participated in the UN Global Conference on Social Development. On Thursday night, Fidel departed Paris enroute to Havana. He was bid farewell at the Orly Airport by an honor guard. Thus concluded his historic visit to France, where he was warmly welcomed by President Mitterrand and his wife.

Fidel visited the Burgundy region on the last day of his stay, at the invitation of his friend Gerald Bourgoin, France's top poultry mogul. Later, Fidel visited a vineyard in the Chablis region, and the wine cellars of the Moreau and (Bocore) families, where the Winemakers Guild inducted Fidel into their membership in a charming ceremony.

[Begin recording] [unidentified speaker, in French with passage-by-passage translation into Spanish] And the time has come for Cuba. May victory be yours, Commander! To your people, and to health! Viva Cuba and France!

[Castro, in Spanish with passage-by-passage translation into French] I feel truly honored. The first of these medals was bestowed on President Mitterrand. He is a man I truly admire, independent of any political issues. I believe he has played a great role in the life of France and will be remembered as one of its greatest presidents. Therefore, I am greatly honored. [end recording]

Cuban reporters asked Commander-in-Chief Fidel Castro whether he was staying informed about the Pan-American Games in Mar del Plata. Fidel stated that he was pleased with the athletes' accomplishments and relayed a greeting to all of them.

Media Describe Fidel Castro's French Visit as Historic

PA1903180795 Havana PRENSA LATINA in Spanish 1613 GMT 17 Mar 95

[FBIS Translated Text] Havana, 17 Mar (PL)—The Cuban press has described as historic President Fidel Castro's four-day visit to France. Castro returned to Havana today.

The official newspaper GRANMA devoted half a page to Castro's trip to France as the guest of UNESCO Director General Federico Mayor Zaragoza, after attending the World Summit on Social Development in Copenhagen, Denmark.

Fidel Castro arrived yesterday in Chailley, a French town located in Burgundy, Central France, where he was welcomed by agro-industrial businessman Gerard Bourgoin and his daughter Corina, who heads a company that annually exports $12 million worth of products to Cuba.

According to GRANMA, Castro was given a broad explanation of poultry farming at the agro-industrial complex. He then went to Chablis, where he visited the vineyards of Gerard Moreau, one of the largest wine producers in the region.

As a friendly gesture by his hosts, Castro was made a member of the Brotherhood of the Pillars of Chablis, which comprises the town's white wine tasters.

GRANMA underscored that Castro's delegation was accompanied throughout its tour by an impressive number of reporters and photographers, which, it adds, was unprecedented in this quiet region.

GRANMA also underscored that during his first visit to France, Fidel Castro was received by his French counterpart Francois Mitterrand, National Assembly President Philippe Seguin, and UNESCO Director General Federico Mayor Zaragoza.

Castro also spoke with former Communist Party Secretary General Georges Marchais, business representatives, and members of the humanitarian organization France Libertes, which is headed by Mitterrand's wife Danielle.

Coverage of Fidel Castro's visit to France also includes his talks with Mrs. Mitterrand regarding the current situation in Cuba and the hardships resulting from the U.S. blockade.

Meanwhile, Cuban radio stations have all described Castro's trip to Paris as historic, and several newscasts have broadcast extensive reports on the event.

Robaina Discusses European, Canadian Relations

FL1803030795 Havana Radio Rebelde Network in Spanish 0000 GMT 17 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina told PRENSA LATINA that Commander in Chief Fidel Castro's recent visit to France indicates that there is a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

new horizon for Cuba in its relations with Europe. Robaina noted that Cuba is not isolated and has diplomatic relations with 152 countries. Robaina noted that there are also voices in the United States calling for the end of the U.S. blockade against Cuba, as indicated by the presentation this week of two bills in Congress by New York Democratic Representative Charles Rangel against this draconian measure. The Cuban foreign minister noted that there is more than one view on Cuba in the U.S legislature because ultraright legislator Jesse Helms insists on reinforcement of the economic reprisal policy against Cuba. Regarding this issue, Robaina pointed out that any policy aiming to ignore and sink Cuba only unifies Cubans against any situation, as difficult as it might be.

Robaina, who will travel to Canada on 19 March, emphasized that Cuba and Canada have just celebrated 50 years of uninterrupted relations. Robaina stated that those relations are characterized by their stability, which has recently grown stronger, evident in the two countries' will to find solutions and areas in which to associate. He went on to say that this is noticeable in the economic sector, which provides support to high-level political relations and eases dialogue and communication.

In addition, Robaina pointed out that although Cuba and Canada have different political systems, they have been able to develop mutually rewarding links.

Lage, Robaina Commemorate 50 Years of Relations With Canada

FL1703140595 Havana Radio Progreso Network in Spanish 1200 GMT 17 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] On 16 March, Carlos Lage and Cuban Foreign Minister Roberto Robaina attended a reception which took place in the Canadian embassy, in Havana City, to commemorate the 50th anniversary of uninterrupted relations between Cuba and Canada.

Lage Satisfied With 'Seriousness' of Ties With Canada

PA2003042795 Havana PRENSA LATINA in Spanish 1240 GMT 17 Mar 95

[By Martin Hacthoun]

[FBIS Translated Text] Havana, 17 Mar (PL)—Carlos Lage, Council of State vice president, and Foreign Minister Roberto Robaina attended a reception at the Canadian Embassy in Havana to mark the 50th anniversary of uninterrupted relations between the two countries.

In statements to PRENSA LATINA, Lage stressed that ties between Ottawa and Havana are evolving favorably, in particular with respect to trade.

To this effect, Lage noted that trade is not greater because of the economic situation in Cuba of these past years, but that it will increase as soon as the sugar industry and other sectors improve.

According to official data, the volume of trade totaled $300 million.

Lage also commented on the growing interest among Canadian businessmen to invest in Cuba in the fields of mining, energy, tourism, agriculture, and others.

"We are satisfied with the seriousness and responsibility of these relations," Lage stressed.

Last night's reception was held just days prior to Robaina's scheduled trip to Canada, in the first visit to that nation by a Cuban foreign minister.

High-ranking government officials were also present at the Canadian Embassy, including Jose Ramon Fernandez, vice president of the Council of Ministers; Ricardo Cabrisas, minister of foreign trade; Ernesto Melendez, foreign investment and economic cooperation minister; and Education Minister Luis Ignacio Gomez.

Cabrisas, in turn, voiced optimism about trade prospects between Cuba and Canada and pointed to the growing number of businessmen who travel to Cuba in search of business opportunities.

Canada and Mexico were the only countries in the Americas that did not join the en masse rupture of diplomatic relations ordered by the United States at the OAS headquarters in the early 1960's.

Members of the diplomatic corps in Havana, as well as other Cuban personalities and representatives of Canadian companies, also attended the reception.

Foreign Minister Robaina Begins Visit to Canada

PA2003041895 Havana PRENSA LATINA in Spanish 1825 GMT 19 Mar 95

[FBIS Translated Text] Ottawa, 19 Mar (PL)—Cuban Foreign Minister Roberto Robaina today began a working visit to Canada aimed at strengthening bilateral relations in the political and economic fields.

Robaina is responding to an invitation from his Canadian counterpart Andre Ouellet, with whom he will meet for two days during his stay in this capital. Robaina has invited Ouellet to visit Cuba.

Before leaving Havana, Robaina said both countries are developing special relations, "characterized by their stability and, in recent times, by their intensification and the willingness to find solutions and areas in which we can establish partnerships."

He underscored that in their relations, the two states maintain mutual respect for their respective positions and their actions facilitate dialogue and communication, guaranteeing the development of economic ties.

The visitor will also meet with Canadian International Trade Minister Roy MacLaren and Christine Stewart, minister of state for Latin America and Africa.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

His program also includes meetings with businessmen, organizations of solidarity with Cuba, as well as visits to Toronto and Alberta before he returns on Friday.

Robaina is accompanied by Carlos Fernandez de Cossio, director of the Foreign Ministry's North America Directorate, and Bienvenido Garcia, Cuban ambassador to Canada.

'To Strengthen Bilateral Relations'

FL2003030795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina began a work visit to Canada on 19 March to strengthen bilateral relations in the political and economic sectors. Robaina was invited by his Canadian counterpart, Andre Ouellet, with whom he will meet during his two-day visit.

Before his departure, Robaina highlighted the special relations between Cuba and Canada, which are characterized by their stability and increased strength, evidenced by the willingness of both countries to find solutions and areas in which to associate. Robaina pointed out that Cuba and Canada respect each other's positions and decisions, which guarantees the development of economic links and facilitates dialogue and communication.

PRENSA LATINA, Hungary's MTI Sign Cooperation Agreement

PA1903041495 Havana PRENSA LATINA in Spanish 1715 GMT 18 Mar 95

[FBIS Translated Text] Havana, 18 Mar (PL)—The Latin American news agency PRENSA LATINA and its counterpart in Hungary, the Hungarian News Agency (MTI), today ratified in Havana an agreement to join efforts to strengthen relations between the two institutions.

The agreement signed by PRENSA LATINA President Pedro Margolles Vilanueva and MTI General Director (Karoly Alexa) proposes, among other things, an exchange of their respective news and photographic materials.

According to the agreement, they may also reciprocally request information on specific topics when there are events of special interest.

After signing the agreement, (Alexa), who arrived in Havana on Sunday, expressed his satisfaction with the visit and spoke in favor of strengthening bilateral ties.

Likewise, Pedro Margolles pointed out that the signed agreement demonstrates that "our friendship remains unbroken" and expressed his wish that Hungarian reporters would come to Cuba to share their experiences with Cuban professionals in the field.

During his stay in Cuba, the MTI director met with Alberto Rodriguez Arufe, chief of the International Area of the Central Committee of the Communist Party of Cuba, and Deputy Foreign Minister Isabel Allende.

(Alexa) met with news media and culture government employees and visited historical and cultural sites of interest in Cuba.

Iran Signs Accord; Oil-for-Sugar Discussions Underway

FL1803032595 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban and Iranian legislators confirmed on 17 March that negotiations to trade Cuban sugar for Iranian oil have progressed, and that there is political resolve to bring them to success.

During a news conference in Havana, Ali Danesh-Monfared, president of Iran's legislative friendship with Cuba group, announced that specialists from Havana and Teheran are negotiating this issue, as well as further bilateral cooperation in the business sector.

Danesh-Monfared told Cuban and foreign reporters that both countries signed an accord, by which Cuba will export $6 million in vaccines, and highlighted the interest in the results of Cuban research in sugarcane by-products.

Danesh-Monfared announced that he has invited Ricardo Alarcon, president of the National Assembly of the People's Government, in the name of Iran, to visit Teheran. He also confirmed the upcoming visit of the Iranian minister of foreign trade [title as heard] to Cuba.

'Straight Talk' on U.S. Blockade

FL2003164895 Havana Radio Rebelde Network in Spanish 1700 GMT 16 Mar 95

["Straight Talk": Studio discussion between host Juan Carlos Roque Garcia and guest Renato Recio, from TRABAJADORES newspaper—live]

[FBIS Translated Text] [Roque] Today's discussion focuses on the economic blockade we have had to endure for over 30 years. Several Clinton advisers suggested within the last few days that some of the measures he took during the rafters crisis—including the ban on remittances to Cuba—could be lifted. While the announcement has raised hopes, it is not truly known whether Clinton's measures to stiffen the blockade of Cuba will be lifted or not. In fact, debate continues over proposals that could reinforce rathers than soften the blockade even more. This issue deserves continued coverage and update. Although the blockade itself has been more than thoroughly covered, it can still be revisited from many different angles on a daily basis.

[Recio] This is a very important issue, deserving continued update and analysis. The blockade is not easily discernable, despite the enormous scope and impact it has on Cuba's destiny, present, and future. Not every Cuban addresses this problem in depth. Cuba's biggest problem today—this has

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

been said, but it is always worth repeating—is that it does not have hard currency or capital. The blockade is certainly behind this great problem, which has pushed Cuba into attracting foreign capital investment.

[Roque] This is the main reason.

[Recio] Right. Cuba needs capital; however, the blockade tries its best to thwart investment in Cuba. They use different methods to do this. That is the great problem. The problem is not if aspirin can be imported or not. That just shows how inhumane it is. The blockade's primary goal is to deplete Cuba's capital resources so that it cannot revitalize its economy.

[Roque] Let's put this in context: The blockade has intensified and its effects have been felt all the more following the events of the past five, six, or seven years, when we lost the Socialist bloc's support.

[Recio] Right. Only 15 percent of our entire economy operated on hard currency: All of a sudden, we had to rely on hard currency 100 percent. Some insist that changes in Cuba's trade relations with the rest of the world make the blockade seem even more intense. Let's not forget the Torricelli Law—which imposed even harsher measures—and the Clinton steps you mentioned.

You mentioned that two new developments have surfaced in the last few days: A group of U.S. senators and representatives are trying to reinforce the blockade, then came news about Clinton's advisers wanting to turn the screw back a bit. The Clinton advisers' proposal is conditional—that is, Cuba must do this and that. Cuba neither accepts nor will ever accept conditions under any circumstances. Cuba is not being rigid or stubborn in refusing to accept conditions. This decision is truly in Cuba's best interest.

[Roque] Clinton's advisers are pushing him to soften measures taken during the rafters crisis—remittances to Cuba, family trips, etc.—in an effort to make Cuba give in to some conditions. Of course, Cuba does not accept any type of conditions. You asked if this is stubborn. No, it is not. Why?

[Recio] It is neither rigid nor stubborn but simply a basic question of dignity, not out of idealism but out of practicality. An acquaintance of mine said: If the United States is Cuba's greatest potential market, the United States has the most capital in this area, and U.S. trade with Cuba was to prove greatly beneficial, then why not solve the problem once and for all? The problem is that we would have to given in to solve the problem. There is no other way. The United States is blockading Cuba, not the other way around. We did not invite the United States to blockade us. The United States is the one implementing a brutal and stubborn policy. That is where the stubbornness really lies. If Cuba were to agree to concessions, then it would end up like everyone else who makes concessions. I use the example of the neighborhood bully who demands this or that from you. You give in to him more and more each day out of a fear of having to confront him. He asks you one day to give him what you cannot give him without considering yourself less of a man. You give it to him anyway because once you start giving in a little, you end up giving up everything. That is also the case in international politics and in relations between countries.

Participants in this program have always stressed that the blockade is based not only on good or bad U.S. intentions but also on Cuba's ability to resist. Think of the blockade in terms of a vulture tracking an injured deer: If the vulture sees the deer weaken, then it attacks him; if the vulture sees the deer walking or running, then it eventually gives up. The blockade will end the day when, thanks to the many relations being established with the world abroad and the very merit of its citizens, Cuba rebuilds its economy to a point where the United States will finally realize that there is no point to the blockade.

[Roque] Let's look at Cuban economic transformations and the introduction of foreign capital, given the need for economic expansion. The United States—specifically, many investors—are worried because more and more foreign investors are taking the lead. This situation will push the United States into rethinking its policy on Cuba and even softening its stand to the point of reaching some sort of an agreement. The blockade cannot remain in place forever. This could be its darkest hour. They will have to revisit the issue because we are opening up our economy and they are not getting a piece of the action.

[Recio] I agree. What will be the blockade's darkest hour? Whenever Cuban economic recovery is clearly evident? Last year, the signs of recovery were very modest and the investment process grew; this year, trends suggest that the process will continue. What does this mean? It means that at a certain moment....[changes thought] The people are no longer questioning when Cuba will collapse but when Cuba will definitely come around. The situation has changed. The second that Cuba proves to the world that its economy is recovering, the blockade—by definition—will enter a crisis. The clash of opinions in U.S. political and business circles will intensify as the blockade's outdated nature becomes more evident. It is a fact that international circles reject the blockade. Many important U.S. allies—for example, Canada, Mexico, and France—are in complete disagreement and are investing in Cuba. This is surely bound to increase. The fact that the United States is out of the picture is actually benefitting Cuba. It is important that Cuba benefit from diverse investments. Cuban independence is bolstered much more: While independence is lost when one depends on a single investor, market, or capital, independence is bolstered when there is diversification of interests and there are many countries closely involved in our economy.

[Roque] In short, Cuba needs investors to generate the capital that we do not have. Of course, in the long term—or perhaps the short term, nobody knows—this will force the United States to enter the investment game and lift the blockade.

[Recio] Exactly. That is the prediction, so long as Cuba maintains it dignity and resistance and continues to reject

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

concessions regarding principles or risks to its sovereignty and independence in efforts to lift the blockade. They will lift it the day that it becomes obvious that they must lift it. They will not do so because Cuba has surrendered. That is the essential principle to our future and development as a nation.

[Roque] Lifting the blockade also depends on us: We will force the United States to lift the blockade in our efforts to attract foreign investment, develop the country, and improve our economy.

[Recio] That is right. The blockade will be lifted as a result of our actions, fighting ability, and resistance.

[Roque] How do we interpret the Clinton advisers' statements?

[Recio] They should be taken with a grain of salt because they simply reflect varying U.S. public opinion, however, as long as they keep thinking that we are going to make concessions, those statements are nothing more than cheap politics without real content and shouldn't foster any expectations on our part.

Delegation Concludes Guantanamo Perimeters Tour

FL2003215995 Havana Radio Rebelde Network in Spanish 0100 GMT 18 Mar 95

[Report by correspondent Jose Mejia; from the "NTV" newscast]

[FBIS Translated Text] The delegation representing 11 organizations belonging to the state's central administration concluded its tour of the first and second perimeters surrounding the Guantanamo Naval Base just minutes ago. The delegation included: Division General Ulises Rosales del Toro, Comrade Maria de los Angeles Garcia, and Comrade Sixto Batista Santana, among other high-ranking leaders and officers. I recorded these statements by Gen. Ulises Rosales del Toro, chief of general staff, just minutes ago:

[Begin Rosales recording] We saw everything that has been done to maintain the spirit of combat readiness in these communities. We also saw efforts in the areas prioritized by the Revolution, above all those related to the people's nutrition and to solving problems affecting the public. We might add that we feel satisfied with what has been accomplished, but there is still much to be done. There are deficiencies and insufficiencies. Our visit includes a series of recommendations involving central, provincial, and municipal organizations and, above all, the communities, in general. [end recording]

CTC Says Reactivation of Sugar Industry Vital

PA2103044995 Havana PRENSA LATINA in Spanish 1428 GMT 20 Mar 95

[FBIS Translated Text] Havana, 20 Mar (PL)—The Cuban Workers Federation [CTC] cautioned today that reactivation of the sugar industry is the only way to pull the country out of its economic difficulties.

The weekly TRABAJADORES, official mouthpiece of the CTC, states in an editorial that the increase in tourism and the production of items substituting imports, together, have been unable to compensate for the loss of $1.6 billion resulting from the drop in sugar production of the past three years.

The editorial stated: This is why it is vital to concentrate efforts on the final leg of the current harvest season which is experiencing huge provision difficulties and trying labor conditions as crews work to prepare the land for the April and May seed planting.

The analysis of these factors, which are vital for the national economy, constitutes the focus of the current assemblies for efficiency the labor movement is carrying out in the country's labor centers, with emphasis on the Basic Cooperative Production Units [UBPC].

The Cuban labor leadership has stated the complex problem resulting from a lack of labor force in the production of sugar must be resolved by the UBPC people and their relatives in order to avoid the costs the mobilization of workers from other parts implies.

Other aspects, such as the people's ties with the area (to assure quality and productivity), the use of oxen, and careful handling of machinery are being analyzed in these meetings so as to enhance the UBPC's capability to increase sugar production.

TRABAJADORES recalled that this crucial moment in the sugar sector coincides with the harvesting of other products, making the situation more complex and calling for a well organized work plan.

The weekly cautioned about eventual delays in the cultivation of land, something which is already true in certain regions and must be strongly fought, it stated.

As positive signs, it mentioned the achievement in cold weather planting, the sowing of fields, the recovery of seed for storage, and the existence of fuel for agricultural work.

The weekly concluded by stating that the country, making big sacrifices, has the financial capability and the necessary resources now to make the following sugar harvest the turning point toward a full recovery in the next few years.

Article on Impact of Currency Deregulation

PA2003181195 Havana PRENSA LATINA in Spanish 0720 GMT 18 Mar 95

["Exclusive" article by Hiram Marquetti Nodarse, specialist at the Cuban Economic Studies Center and PRENSA LATINA collaborator: "Circulation of Dollars: A Year and a Half Later"]

[FBIS Translated Text] The evolution of the process of foreign currency deregulation (DTD) [despenalizacion de la tenencia de divisas] in Cuba, one of the most interesting measures implemented by the Cuban Government given the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

current economic conditions, is consistent with the reforms the country has experienced since the disappearance of the socialist camp.

Strictly speaking, allowing nationals to conduct transactions directly in foreign currency meant a return to many of the economic practices that existed prior to 1959 which, among other things, were eliminated by the implementation of a rigid monetary exchange system that restricted the ownership and use of dollars to the state.

This allowed the state to control the use of convertible foreign currency, which it invested in social programs and development, to the total exclusion of private citizens. Furthermore, the U.S. policy of economic blockade further intensified the need for those controls during those years.

To this should be added the island's participation in the Council for Mutual Economic Assistance (CEMA), the defunct integrationist plan that did not apply monetary convertibility criteria and calculated the decisive percentage of economic activities between various countries in terms of transferable rubles, a currency that in reality functioned as a simple currency unit.

The controversial and contradictory nature of many aspects of the DTD is explained as follows: 1) it made possible the universalization of the prevailing dual economic system; and 2) it legitimized the existence of differences among Cubans, not with regard to work but in terms of the possession of foreign currency.

Generally speaking, implementation of DTD involves possible changes in the sociopolitical, ideological, and economic spheres, because of which it will be necessary to systematically observe its evolution.

Nature and Scope of the Measure

The possession of foreign currency by nationals, the increased possibility of self-employment, and the creation of basic cooperative production units [unidades basicas de produccion cooperativa, UBPC] for farming in practice constitute a change from a basically static view of economic transformation to a more dynamic view that consolidates the trend toward decentralizing the economy's administration and the role of market mechanisms.

Likewise, previous changes have been linked to the beginning of the critical adjustment phase facing the Cuban economy. There are signs of an urgent need for greater coherence between the domestic economy and its new international environment, as well as the need to gradually advance toward total or systemic economic reform.

In this regard, the abolition of Article 140 of the Penal Code, which prohibits nationals from owning or making direct transactions in foreign currencies, contributes directly to consolidating the economic opening up process the country is developing.

Concurrently, the domestic market's more active participation is being promoted, which in fact has made it possible to partially overcome the relative exclusion to which the domestic market was subjected in the policy's initial design.

In fact, for objective reasons, the economic opening up policy which began in Cuba at the end of the eighties gave total priority to gaining access to new markets, through which it would be possible to overcome the negative effects of Cuba's diminished relations with East European nations and to guarantee the gradual reorientation of exports to these markets.

Therefore, this concept was consistent with conditions that gave rise to the development of the opening up process. Nevertheless, one of the problems that in the past had hindered the further diversification of Cuban exportable products was again repeated.

Adoption of this measure also regularized a situation that had developed with increasing strength over the past few years, because as a result of the opening up process and particularly because of increased tourism, circulation of foreign currency in the country increased considerably; a sizable percentage remained in the hands of private citizens.

The main purpose of this measure is to make sure that the state acquires a significant portion of these resources, which are in the hands of the people, and to help palliate to some extent the severe crisis of foreign currency liquidity being experienced by the Cuban economy. The idea is also to partially offset the deficit caused by the drop in export revenues in 1993.

Figures available before DTD began resulted from different studies conducted by experts with the Commercial Tourism Wholesalers (Comintur), Cuban Enterprise for Service to Foreigners (Cubalse), and Stores for Foreign Technicians (Tecnitiendas). According to these studies, at the end of 1991 over 30 percent of purchases made in the network of stores dependent on these organizations were made by Cubans.

In Comintur's case, the realization of plans for foreign exchange revenue contemplated direct access by nationals to these installations throughout the year. It should also be taken into consideration that DTD occurred during the relative consolidation of the economy's "dollarization."

The development experienced by the so-called "emerging sector" during this period is one of the factors that contributed most to the evolution of this situation. In this sector, all transactions are conducted in foreign exchange. This has favored the emergence of an economic area completely disconnected from the national currency, that is, the peso.

The aggravation of the crisis and the steady evolution of the underground economy also resulted in transactions on this market being made in either local or foreign currency. This led to an increase in internal economic inflation and substantial depreciation of the peso. The behavior of the dollar's estimated rate of exchange in the underground economy clearly reflects this situation.

At the end of 1989, the rate of exchange on this market was an average seven pesos to the dollar throughout the country.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In 1991, this rate exceeded 30 pesos; in 1992 it was nearly 50 pesos. At the end of 1993 the black market exchange rate was 100; it hovered around 120 during the first half of 1994. This represents a 1400 percent increase in less than five years. But in August the exchange rate on this market started to decline gradually toward stabilization. Several factors played decisive roles in this situation: the uncertainty created by the measures taken by the Clinton administration as the result of the rafters crisis; the opening of the state's farmers markets on 1 October, which created a stable food supply for the population; reduced liquidity as the result of the financial reorganization undertaken during these past months; and the probable implementation of discretionary measures by government authorities.

Results

In a relatively short time, DTD has made possible the growth of this market both in terms of expanded infrastructure and increased revenues, a fact that has helped fulfill the expectations surrounding its creation.

The parallel market treatment afforded this market somewhat limits exploitation of existing potential because this treatment makes its operation excessively dependent on the use of prices as the main mechanism to ensure systematic and steady profit.

As a result of the application of this concept, a not inconsiderable percentage of the sales of certain products are made in the informal sector, because the borderline between what is legal and illegal has been blurred somewhat in these new conditions. Also, this policy has decreased the peso's purchasing power even further.

To the former must be added the possibility of completely recovering the internal market at some point in the future, because the high commercial surcharges for various products are encouraging firms and enterprises that import products using foreign currency to bring into the country low-priced goods of a lower quality than that demanded in other markets.

The main objective is to avoid effects detrimental to balance sheets and to maintain rational inventory standards.

The price policy now in effect has contributed to a situation in which a significant percentage of the products being marketed by firms operating in the country are, in many cases, products that can find no other market. To this can be added the exclusive rights that some of these firms enjoy, that in turn restrict the chances for national products of similar quality to be marketed on equal footing.

Likewise, this price policy determines that the general behavior of national consumers is set by prices, not by brand name or quality differences in products. This restricts the potential for developing a more integrated market.

In interviews with managers of installations that operate with foreign currency, we found that most do not like current price policy because it restricts wider circulation of goods and therefore limits earnings, since the managers' prerogative to make unauthorized changes in prices of slow-to-sell products is limited.

This does not permit differentiation between institutions that participate in this market, because price differences between products are minimal.

Items whose distribution is unstable, like edible oils, toiletries, and light meals, are big sellers.

On the other hand, more Cubans now work in the gastronomic services network; these services are being offered at lower and lower prices. This has affected the level of foreign exchange revenues.

Up until May 1994, the average Cuban spent $10 in these stores. There has since been a marked increase in business at Cubalse and Cimex Corporation installations that offer more of these services.

The modifications described here, together with the expansion of market infrastructures that use foreign exchange, have made possible a marked nationwide increase in average income, compared to those levels in the months that followed implementation of this measure.

If we take into consideration purchases by tourists, this market daily contributed more than $1 million until July, which means that it was more dynamic than tourism in general.

Markets that use foreign exchange show better net earnings than tourism. An analysis of trade studies of more than 100 products of different categories (confiture, toiletries, edible oils, wheat derivatives, and hardware) shows that this mechanism permits securing net earnings of more than 100 percent, while tourism's annual earnings run about 30 percent.

It is evident that implementation of this measure not only considerably increased Cubans' access to this market but also made possible the channeling of more resources to state reserves. This is why this measure is fully meeting expectations.

Another facet of this issue is the marketing of national products still limited to the national market.

Paradoxically, prices for some of these products are higher than those for imported merchandise, where no differences in display or quality exist. This is true for wheat derivatives, dairy products, vegetables, and some brands of rum and cigarettes that before the special period were quite popular.

This takes into consideration the difficulties the country is facing in terms of imports and the need to protect national industries. The current policy has not contributed as much as the economy needs to help make production more competitive so that import levels may be gradually reduced and so that the country's deeply-rooted, import-oriented mentality may be overcome.

In general, the price policy established to complement the enforcement of this measure has shortcomings which can be overcome because its basic goal has been reached—that is, it

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

has increased the redistribution of revenues in dollars from the hands of those who have such revenues to the rest of the population by raising prices and by having the state use those revenues to meet the population's urgent needs.

Therefore, the price policy is consistent with the primary goal of increasing the volume of revenues collected. But in the future it will be necessary to examine the negative effects of current prices on the turnover rate of capital used in business operations.

Likewise, the savings policy designed for foreign currency accounts is in need of adjustments that will encourage people to deposit their savings in the national banking system.

Thus, the initial expectations about an increase in funds transfers from Cuban nationals residing overseas, particularly those residing in the United States, has not evolved as expected. The transfers have been unquestionably affected by the particular characteristics of the Cuban community residing in the United States and by the U.S. Government's current policy.

To this end, the measures adopted by President Clinton had an immediate effect on the behavior of the foreign exchange market. A survey conducted among a sample of 100 foreign currency exchange houses shows that between 25 August and 15 September there was a decline in sales: food products dropped 60 percent, industrial goods 30 percent, and other products over 50 percent.

During this period the number of tourists visiting Cuba also decreased. This had a direct effect on the exchange market's development.

Nevertheless, it is difficult to make general estimates about the effect of price reductions on the Cuban economy. Despite this situation, there has been relative stability in Cubans' access to the network of services operating with foreign exchange. Slight price reductions were also made in the surveyed foreign exchange houses.

Meanwhile, the only figures available to determine the scope of the impact of the U.S. Government's measures are those pertaining to airfares, freight, visas, and banking records.

But this evaluation would be incomplete if we fail to consider the significant amounts of foreign currency that have entered the country uncontrolled, which explains the situation that has been described.

"Dollarization" of the Economy and Its Possible Reversal

The changes experienced by the Cuban economy in its foreign environment, the specificities of the adjustment process, and the consolidation of a dual economic system have contributed to the increasing "dollarization" of the economy.

Additionally, the reactivation of self-employment in this context has made it possible to increase goods and services offered and charged for exclusively in foreign currency, which has strengthened this process.

Likewise, the increasing monetary restrictions imposed on the country have caused a large group of products, including certain raw materials, to be sold exclusively by state institutions for foreign currency. This situation has been strengthened by a variety of forms of financing in foreign currencies. Added to this is the reorganization of the National Institute of Tourism (Intur), virtually without any Cuban pesos.

Parallel to these are collateral problems that have prompted this situation. With a significant part of the economy paralyzed and increasing uncertainty over the procurement of goods, state transactions in foreign currency have become the only means of maintaining some of the country's available productive capabilities.

Likewise, the increasing number of foreign companies established in Cuba which market various products contribute to the consolidation of the situation described here because in many cases they are the only real options through which state institutions can avail themselves of goods.

Some monetary or financial measures that might to be taken to reverse dollarization are in the short term technically very complex and difficult to apply in practice.

The first and most obvious measure is introducing a real exchange rate for the peso, which is a very complex issue, in both technical and practical terms, especially in practical terms. This measure could trigger massive devaluation of the national currency, hence the need for serious and careful study of its implementation.

Moreover, the recent introduction of the convertible Cuban peso only aims, in its initial phase, to eliminate circulation of multiple exchange values convertible to other foreign currencies. This is why implementation of this measure is not intended to eliminate free circulation of the dollar.

In fact, dollarization is difficult to reverse in the short term, not only given the economic opening up but also on the domestic front, as seen in certain issues that have been studied and which DTD tends to consolidate, although it should not be singled out as the only cause of the process.

Similarly, proper implementation of this measure has increased the government's ability to act with discretion and harmony in slowly eliminating the dollarization process.

Final Considerations

DTD is an emergency and temporary measure to which a substantial number of negative implications are attached, among which we can emphasize the consolidation of important changes in social values and in motivating mechanisms which have predominated until now.

Partial participation of the internal market tends to favor, in certain aspects, possible increases in competition in those economic fields that participate directly in the foreign exchange market.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Thus the role of competition and market mechanisms grow in strength, and changes in the promotion of business endeavors receive an additional boost.

Results achieved by DTD up to now in carrying out this task have satisfactorily fulfilled initial expectations, since the array of activities related to capturing foreign currency currently constitutes the national economy's second-biggest generator of foreign currency, surpassing even tourism. But the performance of the foreign exchange market should be understood strictly as an opportune situation.

The development of the foreign exchange market as a result of DTD has not been related to strict observance of principles of efficiency, nor to offering better quality service. To the contrary, it can be said that problems which have historically affected the traditional market already exist in the foreign exchange market.

In general, DTD responds to the process of change being experienced by the Cuban economic model. In strictly monetary terms, it should be understood as a wider monetary reform which should result in the predicted convertibility of the peso.

Evolution of this process is related to the achievement of sustained economic recovery, with the profound readaptation and expansion of the role of monetary financial mechanisms, restructuring of the national banking system and Cuba's attainment of direct access to international financial institutions.

Barbados

Minister Answers U.S. Congressman's Alleged Loan 'Threat'

FL1703005095 Bridgetown CANA in English 2248 GMT 16 Mar 95

[By Richard Cox]

[FBIS Transcribed Text] Bridgetown, Barbados, March 16, CANA—Attorney General and Home Affairs Minister David Simmons Thursday responded to purported threats by U.S. Democratic Congressman Peter Deutsch for a suspension of loans to Barbados through the Inter-American Development Bank (IDB), labelling them "an empty senseless threat".

The issue arose here Thursday after a letter using the letterhead of Congressman Deutsch but unsigned, was faxed from Washington to various media houses and government headquarters. Citing non-payment of American business as the cause, the letter pointed out that under U.S. law, Treasury Secretary Robert Rubin has the authority to suspend loans to Barbados through the IDB. It stems from a claim by an American firm G.W. Martin, Inc., that the government of Barbados owes it, according to a letter produced by Simmons, US458,031.97 for work done at the Rockley Beach Pilot Project. Because of this alleged non-payment, the faxed document said that Barbados stood to lose US180 million in IDB loans which, "could have a devastating effect on the Barbadian economy and leaves dozens of IDB-backed projects in limbo".

Attorney General Simmons in a statement to the media sought to provide some context and background to an issue which he termed "a storm in a teapot" and suggested it really had to [do] with friends "falling out". Simmons was adamant that the "government of Barbados will not be bullied or cajoled into paying out money to a U.S. citizen which its best advice tells it is not legally due". Simmons explained that the previous administration had initiated a number of coastal conservation measures and there was a pilot project, one of six that was done at Rockley Beach on the island's south coast. The consultants to the project at Rockley were Delcan International Corporation, the firm which is currently engaged in the expansion of the Bridgetown Port. Simmons explained that the lowest bid on that contract in 1993 was a company called Dash Construction Limited for which it was engaged to the tune of BD1.8 million dollars.

"Dash Construction Limited obviously could not complete the contract on its own and Dash went off to St. Martin and found another U.S. citizen, a man called Gene Martin ...

"There was then a sub-contract between Dash and Martin, nothing to do with the government of Barbados. The main contract was between the government of Barbados and Dash. This other side contract was between Martin and Dash," the attorney general said.

Simmons added that Martin was named as project manager on behalf of Dash Construction and the "project started two months later than it should have started because of certain delays on Martin's part". A number of disputes erupted when the project got under way between Martin and Dash, he said, and he produced and read documents to the media to suppoprt the claim of contractual disputes between the main contractor and the sub-contractor. With the falling out of the two parties, "there was approximately 30 per cent of the contract work still to be completed and the government of the day re-tendered, having dismissed the contractor Dash, the work," according to Simmons. A new firm called Marenco was awarded the new contract which completed the work in December 1993.

"At no time did Mr. Martin allege to Dr. Nurse, who was the project coordinator that the government of Barbados owed him any money," Simmons said, adding that when Dash had been terminated, the company had been paid BD770,378; Marenco finished the job and received 947.960 dollars. A letter was sent to Martin, the attorney-general said, informing him that the government of Barbados did not authorise him to do any work directly or through the agency of Delcan and to that extent, "we were not considering that the government of Barbados was in any [words indistinct]. And the attorney general expressed his theory on the matter.

"What it is clear is being done is that there is an attempt by Martin to get money out of the government of Barbados when such is not properly claimable."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Communication was made with Congressman Deutsch on the matter outlining the position of the Barbados government, and Simmons alluded to the eventuality of litigation to resolve the dispute. At the same time he dismissed the idea that the purported action by Deutsch was a subtle attempt in some quarters to pressure the Barbados government into acceding to the demands of multi-lateral institutions such as the IDB.

A team from the IDB left Barbados Thursday after having discussions with government officials on a multi-sectoral loan, discussions which Simmons said went very well.

Haiti

Port-au-Prince Mayor Renews Call for Unity, Tolerance

PA2003222995 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Mar 95

[FBIS Translated Excerpt] The secretary general of the Convention for Democratic Unity [KID] continues to try to inspire the people. On 18 March, Mr. Evans Paul called for unity and tolerance to create political and democratic stability in the wake of several years of crisis.

[Begin Paul recording, in Creole] In other words, we need to establish true political democratic stability. To achieve this political stability, we cannot have thievery, suffering, destabilization, or coup d'etats. Meanwhile, to be democratic, this stability must be based on the people's aspirations, on the [word indistinct] of the people in terms of the law. This is a prerequisite for anything else we might be able to do for the country, and, again, in order to achieve its democratization, we must join together—all of us, all of the people in this country who believe in democracy.

This is why as mayor of Port-au-Prince, as well as on behalf of KID and the National Front for Change and Democracy, I can tell the entire country that we want our supporters to avoid engaging in political intrigues; to avoid creating divisions within the democratic camp; to avoid contentious politics; and to avoid engaging in policies of denigration, scandal-mongering, slander, and division.

Let us fight for democracy and change. I am certain that before long I will publish a report that will include an inventory of the good things we did, of what we wanted to do, what we failed to do, what we intend to do, and what we will do. At the same time, it will include an inventory of how we view the political struggle in the upcoming days. Meanwhile, we keep believing there must be unity within the democratic sector, and we believe there must be a true pact for a democratic transition—one that enables all true patriots to join together for at least five years to organize the country, to strengthen the country's institutions, and to create the minimum conditions that allow us to work against the misfortunes the people are experiencing. [end recording] [passage omitted]

French Legislators Conclude 'Positive' Visit

PA2103035595 Port-au-Prince Radio Metropole in French 1145 GMT 20 Mar 95

[FBIS Translated Text] A delegation of French legislators concluded its four-day visit to Port-au-Prince. The French senators made a positive assessment of their stay in the country. The French delegation, which included senators of all political trends, has held talks with President Aristide and Prime Minister Smarck Michel.

In officially concluding its mission in Haiti on 18 March, the French delegation expressed its attachment to the Republic of Haiti, which is an important country in the eyes of France. The head of the French delegation gave the guarantee that French politics toward Haiti will continue no matter which president wins in the coming French elections. France is willing to help and to work in league with Haiti without interfering in Haitian politics, stated French Senator (Roland Duluard).

Reconstruction Movement Announces Executive Body Members

PA2103042395 Port-au-Prince Signal FM Radio in Creole 1230 GMT 20 Mar 95

[FBIS Translated Text] The National Reconstruction Movement [MRN] has sent us a news release in which it confirms that Jacques Rony Mondestin will occupy the post of president of this movement's executive body.

Following the second national convention, the MRN national management carried out appointments to the respective posts of members of the executive body. As such, according to the release, Jacques Rony Mondestin has become president of the executive body; Jean [word indistinct] Hyacinthe has become coordinating secretary; Kesner Millien is in charge of finances; and Berthony Berry and Jacques Dieubenit are counselors.

The members of the executive body are the legal representatives and spokespersons for the movement in compliance with its statutes, according to its release published by the MRN.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Zedillo Comments on Economic Adjustment Program

PA1903035695 Mexico City Radio ACIR Network in Spanish 0000 GMT 18 Mar 95

[Report by Rosie Ahuatzin Vasquez from the "Evening News Panorama" newscast]

[FBIS Translated Text] President Zedillo spoke in Durango today; the main topic of his speech was the medicine for overcoming the economic crisis. The economic adjustment program, he admitted, will not receive applause or cheers from the people, but, he made it clear, it was not an arbitrary measure adopted by technocrats. These measures had to be adopted or Mexico would have faced financial collapse. To his critics, those few Mexicans whom, he said, haggle with Mexico's development, I ask you not to mock the government, because the government is not only the bureaucratic offices in Mexico City. His request of these skeptics is that they participate to make the government a strong institution capable of better managing its resources without corruption or waste. Here is what he had to say about tax collection:

[Begin Zedillo recording, broadcast in progress] ...that today want to haggle over their efforts, we must remind them that many millions of Mexicans, many, many millions of Mexicans, would not have health, education, and opportunities if there were not a government to collect those funds and transfer them to basic services. Perhaps those Mexicans who are currently haggling over taxes never needed to attend a public school; to send their children to a public school; or to go to a health center to receive free medical services. [end recording]

The sociopolitical message of Zedillo's tour in Durango was the implementation of the temporary employment program. The federal government will allocate 1.7 billion new pesos to create 550,000 jobs in rural and urban areas, mainly in those areas hit hardest by extreme poverty. This program will be implemented in three weeks and will last six months. President Zedillo described some of the jobs:

[Begin Zedillo recording, in progress] ...temporary, designed to maintain and rehabilitate the mining infrastructure; to promote productive and ecological reforestation; as well as to build hydraulic works and conserve soil and water resources. Over 2,000 jobs will be generated in Durango's (Lagunera) area, which will benefit 172 communities. The total investment we have agreed upon with the governor to generate temporary jobs in Durango will amount to almost 40 million new pesos. [end recording]

This is a national program. The resources of the special employment program include 35 regions in 21 states of the federation; they will primarily be states with large Indian populations. A community committee will be created to guarantee the equality of this program, and it will decide who will benefit from a salary compensation in exchange for their labor. The leading criterion for determining who is eligible to participate will focus on choosing candidates from the neediest families.

In a brief commentary made aboard the airplane that brought him to Durango, President Zedillo referred to the decision made by the Zapatist National Liberation Army to resume the dialogue with the federal government to achieve a dignified peace in Chiapas State. He stated that this decision was a major step. He noted, however, that new and further steps must be taken toward consolidating the peace that all Chiapas residents need and which will also offer respite to the rest of Mexicans who seek that peace, calm, and certainty in the economic and political areas.

Commerce Secretary Statements on Prices 'Irresponsible'

PA1703154595 Mexico City UNOMASUNO in Spanish 15 Mar 95 p 8

[Report by Amalia Frias Santillan]

[FBIS Translated Text] Arturo Lomeli, president of the National Association of Studies for Consumers' Defense [Asociacion Nacional de Estudios para la Defensa del Consumidor—Anedec], yesterday said statements made by Commerce and Industrial Development Secretary Herminio Blanco "are irresponsible" because he announced that consultations will be resumed to increase prices—without having this legally established—and this "will only encourage the disruption of prices and confusion and will lead us to hyperinflation."

He said that, since an increase in gasoline prices was announced among other economic measures last week, "all Mexicans have been swept up by a maelstrom of prices that will be difficult to control because prices have increased between 5 and 20 percent in the past four days."

The Anedec president said the uncertainty is such that "it is also evident among officials because Labor Secretary Santiago Onate Laborder said last week that there will be no more consultations, while Secretary Blanco said that they will be resumed with production groups. This only encourages the industrialists' and businessmen's speculation."

He said: Due to the contradictory and discouraging statements given by various officials in the past four days, announcing increases in agrarian products' prices, effective Friday, eggs now cost 7.50 new pesos per kilo; and white bread—bought directly from the bakeries—now costs 20 and 50 cents each. As for soft drinks, the price went up 10 percent without an official announcement.

Likewise, sliced bread went up 5 percent without prior notice, and the price of cooking gas went up between 10 and 20 percent, although total confusion prevails regarding its definite price.

Meanwhile, fruits and vegetables registered a 10-percent increase in small stores because it is argued that the fuel prices' increase had a negative impact in the transportation sector.

Arturo Lomeli said that society, "which currently finds itself at survival levels," demands the creation of a legal framework for consultations. "These consultations must be

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

dependable and the information must be clear; vague and general terms can no longer be established because no political power will be able to control the increase in prices."

Labor Congress Opposes VAT Increase, Demands Tax Breaks

PA1803224795 Mexico City EL FINANCIERO in Spanish 16 Mar 95 p 29

[Report by Ivan Sosa]

[FBIS Translated Text] While making specific demands for tax breaks to mitigate the difficulties experienced by workers, the CT [Labor Congress] warned that maneuvering room is becoming limited and there is a risk of social upheaval.

On Tuesday, Fidel Velazquez stressed that neither the deputies nor the senators representing the labor bloc will support the government's initiative to increase the VAT to 15 percent. Yesterday the government eagerly summoned the CT leader to determine whether the deputies and senators representing the labor sector would indeed withhold their support.

The labor leader was nowhere to be found. In a clear response, Government Secretary Esteban Moctezuma did not attend the opening of a patriotic symbols exposition at the CT esplanade in Mexico City.

Jose Ramirez Gamero and Juan S. Millan, coordinators for the CT deputies and senators, both agreed that the labor sector's position should not be construed as a decision to join the opposition and attack the government's package, since no one has recommended any viable option.

Ramirez Gamero contends that any increase in the VAT would affect the entire population, which is why it would be preferable to transfer the burden to the income tax so "those who have more will pay more." He added that productivity bonuses should not be taxed.

In the meantime, a CT commission is drafting specific proposals "to keep the most severe burden of the adjustments from falling on workers." The outline recommended by the CT commission has three objectives:

A) To truly liberate contractual negotiations in such a way that labor relations will be regulated, on the one hand, by company situation, and, on the other, by workers' initiative. Thus, without an upper tax limit imposed by the Secretariat of Labor and Social Security [STPS], workers and management will be able to create mechanisms to protect jobs, raise productivity, and negotiate wages;

B) To eliminate all fiscal burdens applied to workers. Repeated requests to eliminate those mechanisms whereby social benefits are added to wages to increase taxable income, as well as the request to completely exempt productivity bonuses from taxation, are among the issues that stand out in this objective.

C) An assistance program based on unemployment compensation that has already been implemented by the STPS and replenished with resources accrued in the Retirement Savings System (SAR) account. The program also includes claims to channel SAR resources toward building low income housing, since the construction industry tends to encourage employment and investment in other sectors.

As for objective B, if the government is in need of resources, it is very unlikely that it will agree to give up any revenue originating from the taxation of social benefits. In any case, it is more feasible for the government to agree to eliminate taxes on production incentives as they represent noninflationary revenues originating from competitive production.

To explain the potential of this proposal, the CT prepared a document entitled, Ideas on the Fiscal Handling of Incentives and Production Bonuses. The document states that, in accordance with Article 78 of the Income Tax Law, productivity bonuses are considered income accruable to wages. Consequently, they cause a gradual increase in the tax rate applied to estimate the amount withheld.

The document proposes that income obtained from wages, bonuses, or commissions, "regardless of the names used to describe them, not be subject to income tax if they are below the amount equivalent to four times the minimum wage in effect in the Federal District. Anything in excess will be taxed."

It also suggests that those workers whose salaries, benefits, and bonuses exceed five times the minimum wage only be taxed on 50 percent of said wages.

In another document being analyzed by the CT (Ideas on the Action Plan To Strengthen the Agreement of Unity To Overcome the Economic Emergency), the workers union recommends that "productivity bonuses not accrue for fiscal purposes, that certificates be extended confirming that supply vouchers [vales de despensa] are exempt and tax deductible, and that taxes charged on credit purchases be eliminated, primarily those related to FONACOT [National Fund for Development and Guarantee of Workers Consumption] operations.

The document also calls for "fiscal tariffs to be updated every four months in light of the inflation the country is experiencing, and that the fiscal subsidies system be suppressed by combining it with tax rates and adding it to exemption concepts directly related to workers' welfare, such as income and transportation assistance."

Bank of Mexico Defends Handling of Monetary Policy

PA1803042895 Mexico City EL FINANCIERO in Spanish 16 Mar 95 p 4

[FBIS Translated Text] The Bank of Mexico [Banxico] defended the manner in which the monetary policy is being handled. The bank stated net domestic credit for January and February 1995 was reduced by $517 million although the figure could be higher due to the seasonal drop in coins and bills in circulation.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

In a communique issued last night, Banxico stated Mexico received support funds for $10.928 billion. After deducting capital and interest payments for Tesobonos [Treasury bonds] in foreign hands and foreign currency accounts payable for a total of $8 billion, there should have been a $2.313 billion increase in foreign reserves.

Reserves increased, however, during those same months by $2.830 billion, meaning $517 million over the difference between outside support funds and payments.

The communique states: "Supposing everything remained constant, the $517 million difference would imply a reduction in net internal credits for the same amount at the Central Bank. Furthermore, the credit figure was reduced even more due to the seasonal drop in coins and bills in circulation."

The Banxico communique stated the $517 million contraction of the Central Bank's net domestic credit figure would seem even greater after taking into account public and private debt payments other than Tesobonos held abroad and payment certificates drawn against banks.

The central banking institution stated there has been doubt recently about how the monetary policy is handled. This could be because more attention is paid to the bank's participation in one sector of the market. The bank states this is so, because only those operations that result in an injection of money, such as the collection of credits previously granted by the central bank, are the ones that are taken into account, without considering those operations that absorb it.

The Bank of Mexico, the note stated, will provide any and all preliminary information on monetary and administrative policy in a simple format during the first three banking days of each week, including closing figures for the previous Friday.

Trade Balance Registers $452 Million Surplus in February

PA1803042595 Mexico City LA JORNADA in Spanish 16 Mar 95 p 44

[FBIS Translated Text] According to preliminary figures released last night by the Secretariat of Finance and Public Credit (SHCP), Mexico's trade balance registered a $452 million surplus in February, resulting from the devaluation of the peso vis-a-vis the U.S. dollar, which raised the price of imports.

The SHCP stated the accumulated trade balance for the first two months of 1995 registered a deficit of $78 million, which compares favorably to the $2.97 billion trade imbalance registered during the same period in 1994.

According to the SHCP, a "very important" change in the trade balance was observed in February, which resulted in a $452 million surplus. The SHCP stated a positive trade balance had not been registered since November 1990, adding a trade balance surplus comparable to February's surplus had not been registered since April 1988.

The SHCP stated February's exports reached $5.622 billion, a 24.1 percent increase compared to the export sales reported in February 1994.

The growth in nondomestic sales was the result of an increase in petroleum and nonpetroleum exports. Petroleum sales reached a total of $4.973 billion, a 22.6 percent increase compared to the level of petroleum exports in February 1994.

The preliminary figures indicate exports of manufactured goods reached $4.299 billion in February, an 18.2 percent increase compared to February 1994 exports.

The total value of Mexican imports in February was $5.169 billion, however, a 14.4 percent decrease compared to February 1994 imports.

The drop in imports, the SHCP added, is caused by a reduction in purchases of products unrelated to exp[illegible] processes, which indicated a 28.4 percent drop compared t[illegible] the same month in 1994, while imports related to such processes grew by 7.7 percent over the same period. [sentence as published]

The SHCP stated February's consumer goods imports indicated a negative annual trend for the second month in a row.

Finance Official Reveals Losses Caused by Devaluation

PA1703223995 Mexico City EL FINANCIERO in Spanish 16 Mar 95 p 6

[Report by Lourdes Gonzalez, Victor Gonzalez, and Gerardo Flores]

[FBIS Translated Text] During the first two months this year the new peso devaluation caused losses that surpassed 23 billion new pesos, that is, a 1.4 percentage drop in gross domestic product, which currently stands at 1.7 trillion new pesos, according to Pedro Noyola de Garagorri, revenue under secretary of the Mexican Finance and Public Credit Secretariat.

Before a group of PRI [Institutional Revolutionary Party] deputies, as part of a last-ditch effort by the government to convince them to increase the value-added tax [VAT] from 10 to 15 percent, Pedro Noyola explained that the government incurred an additional expense of 4 billion new pesos due to interest rate increases alone.

Moreover, he told them that tax revenues dropped by 500 million new pesos in January although this figure reflects taxes paid by large companies, which are the only ones that file monthly reports. "This reflects the seriousness of the situation."

According to the legislators who attended the meeting, which was held at the Bancen [Banco del Centro] Auditorium, the official admitted that should interest rates continue rising, funds earmarked for investment this year—which amount to about 19 billion new pesos—will be spent in five months.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Therefore he urged deputies to approve the recently announced package of economic measures. President Ernesto Zedillo has done his part, greeting groups of PRI legislators at the official Los Pinos residence.

The PRI legislators, who are members of the Finance and Programming Commissions of the Chamber of Deputies, urged the Finance Secretariat official to eliminate at least four state secretariats—Comptroller General's Office, Agrarian Reform, Tourism, and Energy—whose staff would be relocated, retired, or dismissed; all this would be agreed upon through consensus.

During the meeting with the revenues under secretary of the Finance Secretariat, they analyzed price increases in gasoline and electricity and in the VAT, among others, as well as a budget cut of about 10 percent. They said that this would yield funds equivalent to 2.2 percent of the GDP.

They also analyzed the advisability of reducing transfers to certain institutions such as the CFE [Federal Electricity Commission] and the IMSS [Mexican Social Security Institute], and to the public transportation sector. They added that eliminating subsidies granted to the Light and Power Company [Compania de Luz y Fuerza] and to Route 100 would save funds equivalent to 2 percent of VAT.

Initiatives Received

The executive branch's initiatives to reform the Income Tax Law and the VAT Law were received yesterday. The first one seeks to eliminate income tax for workers earning the equivalent of four minimum salaries and the immediate deduction of business investments.

As for the VAT, the goals are to maintain the 10 percent tax in border areas when the activities involve residential real estate, the delivery of goods, services and maintaining a zero rate on retail sales of processed food and medicines.

Differences within the PRI persisted on 15 March although some legislators admitted they are already being pressured to adopt the party line.

Meanwhile, the PAN [National Action Party] national leadership and its parliamentary groups at the Chamber of Deputies and Senators decided to vote against a VAT increase.

During a private meeting headed by its national leader Carlos Castillo Peraza, they decided to oppose this increase, arguing "there will be no surprise from either side," as was the case during the discussion of the financial package.

Raul Livas, of the PRD [Party of the Democratic Revolution], said that "it would be a very foolish to vote for a measure that is so strongly repudiated by everyone," and he predicted that this will definitely entail electoral costs for the PRI.

The PAN's Juan Antonio Garcia Villa, chairman of the Oversight Commission of the Main Audit Office of the Mexican Finance Secretariat, pointed out that this measures will only provoke an unimaginable inflationary process and he added that once again "we have entered that damned six-year cycle of never-ending crises."

Francisco Suarez Davila, chairman of the Finance Commission of the Chamber of Deputies, said that this is a comprehensive program from which nothing can be eliminated, "not even a little bit," because its success will depend on maintaining it as a whole.

Intense Business Lobbying

Meanwhile, business leaders, who intensified their lobbying of deputies and senators of various political parties, through meetings, telephone calls, and written messages, reaffirmed their opposition to the VAT increase and their request that the presidential initiatives be rejected.

The presidents of the Business Coordinating Council and of the Employers Confederation of the Mexican Republic, respectively Luis German Carcoba and Carlos Abascal, as well as Oscar Vera, director of the Center for Economic Research of the Private Sector, told deputies with whom they met that there are other ways to increase public savings besides tax increases such as a larger reduction of current spending.

Coparmex Offers Plan To Face Economic Crisis

PA1703193295 Mexico City LA JORNADA in Spanish 15 Mar 95 p 40

[Report by Gerardo Rico, Rodrigo Ibarra, Luis Boffil, Angel Amador, Martha P. Castro, Adolfo Flores, and Francisco Orduna]

[FBIS Translated Text] Carlos Abascal Carranza, leader of the Employers Confederation of the Mexican Republic (Coparmex), has said that Coparmex will examine the country's economic and financial development for the next 90 days in view of President Ernesto Zedillo's promise to overcome the crisis in the second semester at the latest.

While on a working trip through Jalisco, Abascal Carranza said that Coparmex is working on a project to be disclosed after the 90-day period in which it will ask for the elimination of some of the government's institutions and the lowering of taxes and the current expenses of the federation.

Coparmex representatives from Chihuahua and Puebla warned that if the economic program is not modified, many businessmen are ready to stop production activities and declare a moratorium on tax payments.

Abascal Carranza said that one of the secretariats Coparmex would like to eliminate is the Agrarian Reform Secretariat, which "with a payroll of 11,000 people, earns no profit of any kind and is very costly to the nation."

Abascal Carranza pointed out that the tasks of the Tourism Secretariat could be taken over by the National Institute of Statistics, Geography, and Information Science (INEGI), and as for the Secretariat of the Comptroller General, Abascal Carranza said "it had no reason to exist."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Meanwhile, the Business Coordinating Council [CCE] of Puebla proposed the reduction of the Value-Added Tax [VAT] by 7 percent, the elimination of the taxes on companies's assets, the elimination of the state tax on payrolls, the granting of a tax reprieve and an opportunity to normalize previous tax declarations, the elimination of the VAT on interests and commissions, and doing away with taxes on companies that reinvest their earnings.

Abascal Carranza added that these alternative measures to the government's plan tend to "prevent the general bankruptcy of micro small, and medium-sized companies and the loss of over 1 million production jobs over the next three months."

CEE President Jorge Espina Reyes explained that a 9.8-percent reduction in government expenses is not enough. "We are in a postwar economy, therefore government expenses must be cut by at least 20 percent."

Espina Reyes emphasized that the sale of the state-owned companies, including Mexican Petroleum, was imperative.

Regarding this issue, Carlos Solana Pumarino, local Coparmex president, said that "it would end the shameful dependency on the United States."

Chihuahua's Coparmex President Leopoldo Rodriguez Lozano said "I cannot agree with an economic package that will further reduce the purchasing power and do away with the savings power of a large part of the population. Without savings, there is no investment. Without direct investments there will be no jobs."

Alejandro Gomory, president of Merida's Businessmen's Center (Cemer), a Coparmex affiliate, warned that his sector would oppose the government's economic strategy because it has been shown that tax increases are not a solution to a crisis but they endanger the existence of production plants and jobs."

Javier Perez Arellano, president of the Zacatecas National Chamber of Commerce, said "this program is not a responsible and just solution to the crisis that has been affecting the productive sector for such a long time because it condemns a great number of our commercial companies to imminent bankruptcy."

The CCE in Baja California Sur, comprised of eight leading organizations, asked the local government to put at its disposal the mass media "to conduct an urgent information campaign to avoid the wrong interpretation regarding "price increases."

The Council of Southern Tamaulipas Business Institutions (Ciest), which is made up of 4,000 businesses and companies from 13 organizations and chambers of the region, said that tax increases "will further deteriorate the country's economic situation," and added that the people "always suffer the consequences of the crisis."

Leaders of top organizations of the states met with senators and deputies and urged them to vote down the additional government proposals to overcome the economic emergency, especially the 50-percent VAT increase.

Business representatives from San Luis Potosi and Queretaro asked their respective state governments to petition the federal government to approve a grace period for businesses to pay their taxes and to set up an alternative support program for business and industry.

The president of the San Luis Potosi chapter of the CCE said that because of the lack of liquidity, about 50 percent of the 8,000 companies affiliated with the CCE have suspended their payments to the Institute of the National Fund for Workers Housing, the Social Security Fund, and the Treasury.

Although not officially declaring themselves in default, they have indicated that this is indeed the case by saying, "We do not have the ability to pay certain financial obligations."

He added that, according to a survey conducted by a Coparmex delegation, it is believed that some 72 percent of all companies have resorted to layoffs to combat their insolvency and the crisis.

Pablo Trofimoff Bustamante, Coparmex leader for Baja California Sur, said 25-30 percent of all businesses in Queretaro, Guanajuato, and Aguascalientes have cut their payrolls by 25-30 percent within the past few months.

Rafael Rodriguez Tolentino, head of the Queretaro chapter of Coparmex, explained that private enterprises affiliated with Coparmex in Queretaro are seeking grace periods in their overdue payments to the Treasury, Social Security, and the banking sector.

Bustamante believes the problems preventing businesses from creating jobs are being compounded by the shrinking of markets. He said it is urgent to reactivate exports to get production lines back to work.

Meanwhile, the Yucatan Congress has established a four-deputy commission that will assess and, if needed, mediate in problems being faced by producers with regard to overdue bank debts. The congressional commission will try to renegotiate the overdue portfolio, which mostly affects the agriculture, industrial, and trade sectors, under the best possible terms.

Gaston Roblesgil Maza, the president of the Puebla Banking Center, said overdue debts in January rose 19.8 percent, going from a total of 414 million to 856 million new pesos. Also in the January period, the overdue portfolio related to debts turned over to the courts rose 7 percent from 227 million to 243 million new pesos. Meanwhile, contracts signed by credit institutions dropped 9.5 percent, falling from 7.391 billion to 6.686 billion new pesos.

Roblesgil said banks are facing the same problems encountered by other businesses. In January, the economic crisis forced Puebla banks to fire 200 of the 4,000 employees working at the 114 bank branches in Puebla.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bankers Association Assesses Reorganization Program

PA1703151995 Mexico City EL FINANCIERO in Spanish 15 Mar 95 p 6

[FBIS Translated Text] The Mexican Association of Bankers [ABM] says that the reorganization program worth 65 billion new pesos, which seeks to reschedule companies' overdue credits with banks with Investment Units [UDI], will go into effect within two and a half weeks. This will improve the portfolio of the lending institutions and will eliminate the specter of bankruptcy.

According to a document prepared jointly by the Finance and Public Credit Secretariat, the National Banking Commission [CNB], and the ABM, which EL FINANCIERO has obtained, this exchange of liabilities for UDI's, which represents 10 percent of the bank's assets, will be offered at interest rates of 10 to 12 percent.

The terms will be five to 12 years, with a seven-year grace period, during which clients will pay only the real interest rate. The client will begin to make direct payments of the principal in the third year.

ABM executives said that these resources will be distributed among lending institutions to reorganize their overdue liabilities with "viable" companies. However, only banks that have an 8-percent capitalization index by 31 March 1995 will have access to rescheduling with UDI's.

Banks will charge the UDI rate, which is equivalent to one new peso and will be adjusted daily according to inflation plus four percentage points. Banks will add these yields to their intermediation margin.

The document underscores that banks will be responsible for identifying small and medium-size companies that have serious payment problems in order to make them viable by rescheduling their operations.

These assets will affect several trust funds—accounts [cuentas de orden]—which will be used to fund the restructured assets in order to issue liabilities with five to 12 year terms and a seven-year grace period and to pay the principal at the UDI interest rate plus four percentage points.

It is noteworthy that the federal government will acquire these liabilities with resources provided by banks through investments in government securities with five to 12 year terms and Cetes [Treasury certificates] rates for 28 or 91 maturity dates.

The credits affected by trust funds will also have an initial 15 percent reserve, which will be taken from currently established reserves for the purpose of evaluating credits.

This means that banks will have to restructure 100 percent of the positive financial margin obtained by each trust fund, and 100 percent of trust reserves will be invested in government securities stated in UDIs, with a 4 percent interest rate.

As for the tax system, this plan establishes that accruals or deductions for tax purposes will take place at the end of the term, which has not yet been established.

The document warns that "improvements in the capitalization index, resulting from this mechanism, will not be used by lending institutions to increase assets that are exposed to risk."

The authorities that planned this restructuring program with the bankers insisted that access would be given only to lending institutions with an 8 percent capitalization level by 31 March 1995.

The outline, which is still under discussion by multibank representatives and authorities from Banco de Mexico and CNB, indicates that accredited companies will benefit from long-term restructuring, because their flow of payments will be dramatically reduced.

If money is raised with UDI's plus 4 percent, it is very likely that accredited companies will pay a real interest rate lower than the rates of the past few years.

Members of the ABM Executive Committee acknowledged that the banking system's position "will improve considerably" with this rescheduling of liabilities, because they will shed a considerable part of their troublesome assets and thus improve their capitalization index.

Additionally, according to the outline obtained by EL FINANCIERO, reserves may be released to counteract the loss of other assets.

If the trust's assets are lost, the lending institutions will have 12 years to absorb the losses, and should differences arise between the assets and reserves and the fund's liabilities, the banks will have to make additional contributions to the trusts for the total amount of the differences.

Meanwhile, the federal government will run the risk of dropping to nominal interest rates and investing in real interest rate documents—UDIs plus 4 percent—within deadlines of up to 12 years.

The document states that if the SAR [Retirement Savings System] interest rate rises above 4 percent during the term of the trust, and if there are residuals in the mechanism, the government will receive payment for the difference by charging for those residuals.

The reorganization plan, which will soon be disclosed, states that there will be a mechanism to get banks to gradually transform their liabilities to UDI's and thus be able to offer the additional loans designated in the new account unit.

For bankers, who since last week have been examining the implementation of this new plan, the exchange of overdue bank liabilities for UDI's will give banks liquidity in the medium-term, improve their loan portfolios, and considerably decrease their overdue portfolios.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

AMB President Confident Interest Rates To Decrease

PA1703164795 Mexico City NOTIMEX in Spanish 0045 GMT 17 Mar 95

[FBIS Translated Text] Mexico City, 16 Mar (NOTIMEX)—Jose Madariaga Lomeli, president of the Mexican Association of Bankers (AMB), said today that he was confident the high interest rates registered this week would decrease in the medium term.

After the association's weekly meeting in Mexico City ended, Madariaga underscored that "we have to stabilize (the rates) in the short term so that we can have adequate programming and no more scares."

The current interest rates pose the risk that the inflation estimated at 42 percent could rise. However, the macroeconomic measures announced by the government last week will promote a decrease of the interest rates in the medium term.

Business Coordinating Council (CCE) President Luis German Carcoba, on his part, considered that "the high interest rates are, undoubtedly, bankrupting many companies and are also hurting individuals a great deal." However, he was confident that they would be controlled.

"Businessmen are going through a very difficult phase because we have to find liquidity, resources," the business leader stated.

Carcoba called financial authorities to immediately start implementing projects that will support the restructuring of the overdue portfolios and the investment units.

He emphasized that businessmen "are in total agreement with the blanket program, especially with regards to several points that stipulate that each and every firm will be reviewed to determine the real situation in each firm so as to be able to attend to their needs and demands."

The Finance Secretariat announced an economic emergency program last week aimed at overcoming the crisis confronted by the country since last December, which has led the currency to a strong devaluation and which has resulted in a decrease in the financial reserves.

The (Central) Bank of Mexico announced last Wednesday substantial increases in the leading interest rates of the Treasury Certificates (Cetes) and set its 14-day issue at a 92.5 percent yield.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

Cuban Chamber of Commerce President Meets With Businessmen

PA2003201495 San Salvador LA PRENSA GRAFICA in Spanish 17 Mar p 18-A

[FBIS Translated Text] Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce and the country's most prominent business leader, met with Salvadoran businessmen to propose the island as a new option for Central American investors.

After a conference breakfast with members of the Union of Leaders of Salvadoran Enterprises, Martinez Salsamendi met with the deputy members of the Legislative Assembly's Foreign Relations Committee and indicated to them Cuba's interest in improving trade with Latin American countries. He described a new proposal to be presented to the Cuban legislature in June and intended to provide more flexibility and instruments for foreign capital.

He told the Salvadoran businessmen that Cuba has experienced rapid economic growth since 1992, when the country amended the Constitution to permit joint investment and the government decided to sign agreements with several countries.

He said that this visit is meant "to establish contacts between Chambers of Commerce and between similar associations" and that Latin America and the Caribbean play a leading role in the restructuring of Cuba's international relations. Cuban trade with Latin America and the Caribbean was 5 percent in 1990 and has increased to 30 percent, he said. In addition, 42 percent of Cuba's imports come from Latin America and the Caribbean. Cuban trade with Central America, which is 1.5 percent at present, holds greater potential because of its proximity. This figure can be increased, he said.

Commercial relations with Central America will expand the circle that already includes the UK, Russia, Spain, Colombia, Italy, and Canada. Salsamendi said that the Cuban Government offers foreign investors social stability and skilled labor. The country expects to have many investors in the industrial sector. "The idea is to offer opportunities to businessmen," he said, and mentioned a number of Cuban products of interest.

Commercial relations between Mexico and Cuba have already started to yield results. Jose Maria Monterrey, who visited the Havana International Fair last year, reported that orders for close to $1 million have already been received. Monterrey took to the Fair samples of products of local enterprises, including La Constancia, Productos Diana, St. Jack's, Laboratorios Lancasco, Petit, Hilasal, Salvaplastic, Provocaciones, Aceite Orisol, and others.

The businessmen said the country cannot afford to be left out of a market where the majority of countries are already participating.

Salsamendi said that, for the time being, Cuba has very nearly stopped exporting sugar and that other export products now contribute to the Cuban economy. The new "export products" include the following:

Medicine: Cuba has conducted research leading to important discoveries in many diseases that cannot be treated elsewhere in the world. Cuba also has advanced technology that facilitates treatment of patients.

Biotechnology: More than 200 export quality products are produced, although not all of them are being exported. Some of the most successful products include a vaccine against meningitis, a vaccine against hepatitis B, and treatments to combat cardiac infarction and the effects of high cholesterol levels. Latin America constitutes the largest market for these products.

Metalworking industry: This industry, which has been developed in the past few years, at present is capable of turning out equipmnent for an entire sugar mill in addition to other high technology equipment.

Construction Industry: As the result of an agreement between Mexican Cement Enterprise and the Cuban cement industry, the latter increased production to nearly 5 million tons. Cuban cement worth approximately $500,000 was exported to El Salvador in 1994. Red and white ceramics was also produced.

"Know How" [preceding two words in English] or technology transfer through qualified technicians, including doctors, sports experts, scientists, etc.

Tourism: This is Cuba's leading industry. The country expects 850,000 tourists this year. This number is expected to increase to 2 million by the year 2000.

Honduras

Reina on Social Summit, Human Rights, Issues

PA2103025995 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 20 Mar 95

[Interview with Honduran President Carlos Roberto Reina by unidentified reporters at the Deutsche Welle studios in Germany and reporter Raul Valladares at the Voz de Honduras Network studio in Tegucigalpa; broadcast in progress—live relay]

[FBIS Translated Text] [Reporter] ....represented your country at the International Court at The Hague concerning the border dispute with El Salvador. He was president of the Inter-American Human Rights Courts and president of the Liberal Party of Honduras. He is a member of the first class that was graduated from the Jesus Reyes Diplomacy School.

Today, he met with German President Roman Herzog, who promised military [word indistinct]. He met later with Friedrich Bohl, minister without portfolio and chief of the federal chancellery. He has been unable to meet with Chancellor Helmut Kohl due to agenda constraints.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

President Reina, after one year and several months in office, the international press believes that your administration is responsible for the domestic energy crisis, that government efforts to improve the human rights situation in your country have been somewhat weak, that there has been an increase in criminal activity, and that it is responsible for the numerous corruption scandals. The international press is now alluding to the likelihood of a coup. Nevertheless, observers of the Honduran situation praise you for the determined manner by which you have encouraged a reduction in military influence, reprisals by the military, the abolition of compulsory military service, and the decision to have the Armed Forces and the police under civilian law. You are also being praised for breaking up the death squads. Mr. President, what message....

[Reporter, interrupting] One moment, please. Before the president answers, I would first like to send my regards to reporter Raul Valladares in Honduras. Good morning, Mr. Valladares.

[Valladares] Good morning, Maximo [word indistinct] of Deutsche Welle. It is a pleasure to talk to you. Voz de Honduras and the Honduran people are listening to your interview, and we are all waiting to hear the answer of our president, Carlos Roberto Reina. Please continue, Germany.

[Reina] Thank you very much, my fellow compatriots who are now listening to me. I would like to express my deepest appreciation to Deutsche Welle for this live and direct radio broadcast to the Republic of Honduras. I would like to convey a message of optimism to the Honduran people and to announce that my visit to Denmark, Sweden, Norway, and now Germany has been quite successful. My visit represents the first time a Honduran head of state has visited these countries. We have been able to express our admiration to the governments of these friendly nations, and we are grateful for the warm and special reception.

During the Copenhagen Social Summit, we maintained the right to eradicate poverty. I was able to exchange opinions with 120 heads of states and governments, such as Nelson Mandela, the heads of state of Sweden and Denmark, the amir of Kuwait, and numerous other prominent citizens who direct policies in their respective nations.

During my visit to [words indistinct] and Norway, we jointly analyzed possible cooperation, development agreements, and possibilities of increasing economic ties. Likewise, both nations agreed to continue the struggle to promote democracy and to continue efforts in favor of the full validity of the individuals' rights.

[Reporter] Mr. Reina, this is the main topic of a news conference you will be having [words indistinct] on human rights within the international context. Could you expand on the content of this news conference for our Deutsche Welle and HRN [Tegucigalpa Voz de Honduras Network] listeners?

[Reina] Of course. The content is reflected by the current situation in the various Central American countries regarding respect for human rights, their doctrinaire content, and the (words indistinct) of human rights prior to the Copenhagen Social Summit, where poverty was the main target. All these rights as a whole, as values that [words indistinct], give us hope, they make us believe we are crossing the threshold to ensure that next year, when the end of the century will be very close, we will be able to perfectly foresee a new fate for humankind.

In Honduras, we have acknowledged the legal status of the organization responsible for safeguarding individuals' rights. We also have an ombudsman who is responsible for defending human rights issues and who enjoys all government guarantees; this allows us to grant all citizens the full validity of their rights. We intend to develop this afternoon's news conference within a liberal context.

[Reporter] Perhaps our colleague, Raul Valladares, in Honduras would like to ask the president a question.

[Valladares] I would like to ask you, President Carlos Roberto Reina, what are the specific achievements of the social summit, where you have also discussed the struggle against poverty in the world? What support will the Third World countries receive from the developed nations? What has Honduras achieved specifically, sir?

[Reina] The Copenhagen Social Summit has issued statements defining the doctrine for the struggle against poverty, how extreme poverty insults human dignity. A second part addresses the actions to take so the struggle can be effective. In that second part, we find the capital investment plans, employment plans, plans to give the people a greater awareness of their rights, a redistribution of government spending directed at social issues, and so forth. The statements broach all those points that will allow the people access to the benefits the state provides through social security, for example. The summit has done nothing more than launch that head-on struggle against poverty, and we are certain we will attain an enormous benefit.

Regarding Honduras, our proposal to the UN Security Council has been a central part of our argument here. In each of the countries I have visited here, we have examined the potential of Honduras' exports, including EU banana import restrictions. This issue, which is hurting and confusing the international banana market, has been discussed at various levels. We now believe we have finally found a way to improve the treatment this product, which is so very important to us, receives.

We have met with European business representatives who can open up the eastern European markets. If this holds true, we will have our market secure, even if we duplicate our production or produce three times more. We would like to state here that the quality of Honduras' banana exports is well recognized in all of the countries we have visited.

[Reporter] President Carlos Roberto Reina, time is running short, and I have one last question. Could you briefly tell our listeners about the talks you held this morning in Bonn with the German federal president?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Reina] With pleasure. I invited the German president, on behalf of the Central American nations, to visit our country and Central America. I am certain he will accept the invitation as soon as his agenda allows. The Honduran presence on the UN Security Council is fundamental. We have told the world what we believe the Security Council should be within the current world scenario, which is so very different than how things were when it was created.

[Reporter] President Reina, there is talk of division within your administration. There are rumors affirming the foreign minister has plans to resign. Is this true?

[Reina] We are assessing the problem we have experienced at the Foreign Ministry. I reaffirm my confidence in the minister. I have no reason to doubt his capability or honesty. Upon returning, I will have to look into certain details regarding the ministry, which will allow us to have a foreign policy that truly reflects what Honduras aspires for the world.

Minister Charges Guatemala, El Salvador With Ignoring Pacts

PA2003194595 Tegucigalpa LA TRIBUNA in Spanish 17 Mar 95 p 3

[FBIS Translated Text] Economy Minister Delmer Urbizo Panting has said that the recent announcement made by the Guatemalan Government on its decision to support El Salvador during the initial phase of the latter's new macroeconomic program is in clear violation of Central American integration agreements.

The economy minister did explain, nevertheless, that Guatemala's intention is nothing new since it had already been announced during the meeting of Central American economy ministers held recently in Guatemala City.

During that gathering, the economy minister explained, it had been agreed that by 1996 it might be possible to support El Salvador in its plan to cut customs tariffs to 15 percent and lower the minimum customs rate from 5 to 1 percent. This would occur following an evaluation by each country, which would be critical in gauging the effects of the measure on each country's current revenues.

"I insist, and this is the way it should be since the Central American agreement already stipulates it, that cuts in customs tariffs must be implemented based on the mutual agreement and through a decision by the nations that signed the integration agreements," Panting stipulated.

"Any country that wants to do things unilaterally becomes a third country," the economy minister stressed.

He pointed out that simply because El Salvador is being supported by Guatemala does not mean that the decision is legal, since it would also require the other nations to join before it would become law for all parties involved.

The minister indicated that a team of interinstitutional technical advisers is now studying the impacts of a ceiling tariff cut from 15 to 6 percent, and a base cut from 5 to 1 percent.

"Each country has to formulate its own strategy since no country can be left without customs revenues," the economy minister stressed.

Nicaragua

President Downplays D. Ortega Remarks; Announces Debt Deal

PA2003133195 Managua El NUEVO DIARIO in Spanish 16 Mar 95 pp 1, 8

[Report by Aura Lila Moreno]

[FBIS Translated Text] Just after her return from Europe, President Violeta Barrios de Chamorro downplayed threats by Daniel Ortega, secretary general of the Sandinist National Liberation Front, in which he told the legislative and executive branches "to go to hell" if they were unable to reach an agreement that would solve the institutional crisis. "We shouldn't listen to anything Daniel Ortega has to say," the president said at a news conference she granted upon her arrival from Italy and Denmark, where she had attended the Social Development Summit together with over 100 other heads of state.

On Tuesday, Ortega said that if the government and the National Assembly did not agree on the constitutional amendments, "we should tell them to go to hell." He hinted that if the people chose, he would be willing to head a movement to tell the state branches to go to hell.

"Let's not pay attention to what he says," President Chamorro said. In her opinion the former president "is history, thank God!" She said that the people have to decide "if they want us or if they want to remove us," in reference to herself and the deputies.

Commenting on the proposal by Managua Mayor Arnoldo Aleman that a blue ribbon panel be established, comprised of Cardinal Miguel Obando y Bravo and poet Pablo Antonio Cuadra, to select the candidates for Supreme Court justices, she noted that this was "a great thing."

But she did not say if she would agree to the proposal. Cardinal Obando y Bravo noted that the proposal was viable so long as it as legal. "We will see what happens and if the people want it," she stated succinctly after noting she was happy that "everybody is making suggestions."

"Horrors! My God!" the president said in reply to a question about an alleged government plan in which the National Police would be involved in accusing some political leaders of illicit actions in order to force them into exile.

"How can you even think of such a monstrosity, with us living in a democracy? I condemn what they want my government to do, because I am not going to do it. I do not want exiles; what I want is peace and brotherhood," the president said verbatim.

The president recapped her activities at the Social Development Summit in Copenhagen and highlighted her Monday meeting with Pope John Paul II at the Vatican. "I am

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

blessed," she affirmed. She announced that she had officially invited him to visit Nicaragua.

"The holy father loves Nicaragua, but he has a trauma because of the barbaric way in which the Sandinists treated him when he came" for the first time in 1983, President Chamorro said. She noted that Foreign Minister Ernesto Leal had remained at the Vatican working out the details of the visit.

According to the president, the pope will go to the United Nations in October, but it is not certain that he will take advantage of his stay in New York to then come to our country. "If he does not come this year, he will come next year," she noted.

In that regard, Cardinal Miguel Obando y Bravo explained the pope's visit will depend on efforts by the Bishops Conference in the Vatican. "There is nothing formal yet, but there is the possibility that he may come this year," the Catholic leader said.

Summing up the results of her trip to Denmark, from where she said "I bring good news," the president announced that both that Nordic country and Austria had forgiven Nicaragua's foreign debt of $20 million and $16 million, respectively. "I return with $36 million less, with one less headache," she added.

Lacayo Cited on Political Plans, Ortega's Statements

PA2103044495 Managua EL NUEVO DIARIO in Spanish 18 Mar 95 p 7

[Report by Alberto Cano Esteban]

[FBIS Translated Text] San Marcos—Presidency Minister Antonio Lacayo has recognized that he is a political corpse by stating that the "deputies who provoked chaos" and others killed him by blocking me because "they are afraid of me."

The staunch enemy of the constitutional reforms harped on the same subject on Friday when he said deputies broke the law when they ordered the new Magna Carta's publication.

Lacayo, who strived to get some applause, arrived in this city accompanied by various cabinet members to inaugurate a large storage center for nontraditional products built with the EU aid. Following the ceremony, he gave statements to the media using the usual rhetoric to attack the legislative branch.

Among other things, the Chamorro administration's strongman said certain persons are afraid of Mrs. Chamorro's running for reelection because she would openly win in the next elections.

The cabinet leader also talked about ambitions to achieve power and, although he could not explain where his political actions fit in, he said: Even though no one has asked me to run for president of the republic, some people are afraid of me and the easiest thing was to block me and kill me, politically speaking.

Later on in his statements, Lacayo used the opportunity to accuse the parliament's representatives of advocating chaos in the country. The courts ruled that the reforms should not be published yet they (the deputies) did the opposite, the president's son-in-law said.'

He also referred to the possibility of a dialogue with the legislative branch, stating that there is sufficient willingness to reach an agreement, but he did not explain under what terms. Throughout his statement he said the reforms are not valid.

To conclude, he briefly commented on what was stated by deputy Daniel Ortega, who offered to tell the legislative and executive branches to go to hell. Lacayo said this was a manner of speaking because, in any case, it is the people who decide. He ruled out the possibility that his mother-in-law's term will be shortened because that is not what Daniel meant; and, if he did, this is something that does not correspond with the people's feelings, the minister of the presidency said.

Government Begins Renegotiating San Jose Oil Accord

PA2003202295 Managua LA PRENSA in Spanish 15 Mar 95 p 2

[Report by Nohelia Gonzalez and Ernesto Garcia]

[FBIS Translated Text] The Nicaraguan Government has begun renegotiating terms for the San Jose Agreement, which covers oil imports by Central American countries from Mexico and Venezuela, which will be renewed in August.

Nicaragua wants the San Jose Agreement, signed 22 years ago, to cover purchases by private importers once imports are deregulated on 1 April.

A commission made up of six Venezuelan Government officials met with Engineer Jose Ley Lau, minister director of the Nicaraguan Institute of Energy [INE], who explained the status of the deregulation of crude oil imports.

The Venezuelan commission is made up of Efrain Pico from the office of international affairs; Gloria Mirt, director of economy and hydrocarbons; and Romelia Mejia, manager of the Venezuelan Investment Fund's International Financial Cooperation.

The commission also includes Wilfredo Delgado, chief of the Foreign Ministry's Central American Division; Nelly Pereira, manager of Venezuelan Petroleum's geopolitical affairs division; and Patricia Caldera, planner from the Energy and Mines Ministry.

The Nicaraguan proposal outlined to the Venezuelan commission states that a 20 percent discount should be applied to purchases by Nicaraguan private importers, as has been done with state purchases.

The INE minister said that if Nicaragua's request is approved it would enter into force in August. He added that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

"Nicaragua is trying not to lose 20 percent of total invoicing on purchases by private importers."

He said that once the Nicaraguan proposal is approved the money obtained will be invested in energy development and public sector projects, and oil supplies for private importers would be guaranteed.

The San Jose Agreement stipulates that Nicaragua will only pay 80 percent of the total sale. The remaining 20 percent is invested in public sector development projects which include participation by Venezuelan industry.

This year, $57 million will be earmarked for construction of 99 km of the Muy Muy-Boaco highway, the construction of thermal wells in Monte Galan, and a housing project.

Ninety percent of Nicaragua's annual crude oil imports, approximately 5 million barrels, come from Venezuela.

Dr. Hernan Calcurian Rojas, new Venezuelan ambassador to our country, attended yesterday's meeting. He said modifications to the San Jose pact proposed by Nicaragua will have positive repercussions in the medium term.

The Venezuelan diplomat added: "This will prove beneficial for Nicaragua" because calculations seek to "lower costs so fuel may be purchased by the public at better prices."

Calcurian said the Nicaraguan initiative seeks to render the accord flexible and adapt it to Nicaragua's conditions "and Venezuela's fiscal shortfall." He added that private businessmen who import oil must submit to the rigors of his country's oil companies.

The Venezuelan ambassador said: "Nicaraguan businessmen must be serious and efficient in meeting all conditions for imports, which are ruled by international norms."

He reasserted his government's willingness to maintain the accord with the Central American countries. He said the accord is an instrument of solidarity and friendship with Nicaragua. Calcurian asserted: "We will never abandon Nicaragua."

Panama

President, Costa Rican Counterpart Issue Joint Communique

PA2103043895 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Mar 95 p 2A

[FBIS Translated Text] Costa Rican President Jose Maria Figueres and Panamanian President Ernesto Perez Balladares, accompanied by high-level officials, met in David, Chiriqui Province, to discuss matters of common interest, in particular those having to do with the border region.

During the meeting, the two presidents were very pleased to confirm the climate of mutual respect and friendly cooperation in the relations between Panama and Costa Rica and highlighted the importance of greater participation of local administrations and organized groups of both countries in their respective governments.

After again confirming the mutual aspirations of their governments and peoples, as well as the democratic ideals that link the two countries, the two presidents released a joint communique.

The presidents agreed that the prompt approval of procedures for the immediate implementation of the Agreement for Border Cooperation, signed in Sixaola on 3 May 1992, is important for the implementation of programs for the development of the Panama-Costa Rica border area.

The presidents expressed their concern over the increased drug trafficking, which poses a problem against social and economic progress, peace, and security in the region, and agreed to instruct police, customs, and migration authorities at the border and ports of loading and unloading to increase their joint efforts to combat and eradicate drug trafficking, a scourge that hurts Latin America so much.

The presidents underlined the need for the two governments to keep trying to coordinate vigilance and control actions at the border to prevent crime in the region, in particular, car theft and arms smuggling. For this purpose, they agreed to instruct their foreign ministers to draft as soon as possible a proposal for a Bilateral Judicial Cooperation Agreement and define joint actions to fight crime in every form.

The presidents further reiterated their interest in implementing the agreements between the migration authorities of the two countries so coordinated and harmonious operation of the border controls can become a reality.

They agreed in the importance of developing tourism. Toward this purpose, they decided to instruct their respective authorities to take actions such as facilitating overland traffic, aimed at encouraging tourism between the two countries.

They underlined the need to keep improving health conditions at the border as a fundamental factor to raise the standard of living of the local residents with the participation of international organizations such as WHO. They agreed to take actions to improve the basic sanitation structure, such as the continuation of vaccination programs, control of the use of pesticides and fungicides, and stepping up the construction of latrines. In addition, they agreed to instruct the corresponding authorities to exchange scientific information on infectious and contagious diseases.

Aware of the importance for the two countries of the correct execution of the measures already mentioned for the delimitation of the border as stipulated by the 1941 Border Delimitation Treaty, the presidents agreed to initiate the necessary procedures to form technical groups in charge of inspecting, replacing, repairing, and increasing the number of boundary markers, as necessary.

[Dated] David, 19 March 1995.

[Signed] Jose Maria Figueres Olsen, president of Costa Rican, and Ernesto Perez Balladares, president of Panama.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Argentina

Menem Resumes Official Duties Following Son's Death

PY2103015995 Buenos Aires TELAM in Spanish 2029 GMT 20 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 20 Mar (TELAM)—President Carlos Menem today returned to his official activities, which were interrupted due to the tragic death of his son, and carried out an intensive agenda of activities at Government House, including protocolar greetings of his Irish colleague, Mary Robinson.

Labor Minister Jose Caro Figueroa said that "I observed him to carry out his duties with his usual firmness." The minister agreed with other presidential aides in underlining the president's decision to take on the affairs of state with "the will he has always demonstrated." [passage omitted]

The minister was very prudent in answering questions about the president's spirit.

"I do not believe it is in good taste to touch upon things that could have personal connotations, but I have observed that he is carrying out his duties with firmness and with the same will and skill that he has always shown." [passage omitted]

Menem arrived at Government House at 0817 in the company of his private secretary, Ramon Hernandez, and his personal doctor, Alejandro Tfeli. He was received by the guard of the Grenadiers, whom he greeted together with the journalists that had gathered in the Room of Busts.

In the company of General Jorge Rearte, chief of the Military Household, Menem, dressed in a blue suit and with a serious expression, went up to the second floor of Government House, where he met with Economy Minister Domingo Cavallo, Interior Minister Carlos Corach, and Eduardo Bauza, general secretary of the presidency. [passage omitted]

The chief of state decided to stay at the Olivos Residence during the afternoon, and after saying goodbye to [Cordoba Governor Eduardo] Angeloz, he, therefore, departed for the residence at 1230 in the company of Private Secretary Ramon Hernandez. [passage omitted]

Poll Indicates First Round Menem Victory in May Elections

PY2103014995 Buenos Aires CLARIN in Spanish 19 Mar 95 p 13

[FBIS Translated Text] The polls continue to serve as a thermometer in discovering what a large portion of the electorate is thinking less than 2 months from the 14 May presidential elections.

A study of the electorate's intentions for the presidential vote, including a projection of how those who are undecided may vote, establishes that there will be no second round: Carlos Menem obtains 46 percent of the vote, while Jose Bordon obtains 26 percent. Radical Horacio Massaccesi receives 23 percent of the vote, and Aldo Rico 4 percent.

The study, which polled 1,199 persons, was carried out at 10 places throughout the country between 25 February and 9 March by the sociological and political researchers Mora and Araujo, Noguera and Associates.

The projection of the percentages was made without taking into account the blank votes, as is demanded by the new electoral system that will be applied in the upcoming elections. According to the study, blank votes will amount to 7 percent.

The study notes that in Mendoza, Bordon's province, Menem obtains 34 percent of the votes, while the senator receives 31 percent.

In Cordoba, an area dominated by the UCR [Radical Civic Union], the president obtains 31 percent of the vote, while Massaccesi comes in second, just 2 points below this percentage.

In greater Buenos Aires the official party increases its advantage, obtaining 41 percent of the vote, while Frepaso [Front for a Country in Solidarity] obtains 23 percent, and the Radicals virtually disappear from the contest with only 7 percent of the vote. In Rosario, one of the areas of the country with the largest number of unemployed, the president obtains 43 percent of the votes, Bordon obtains 26 percent, and Massaccesi gets 14 percent.

According to the study, the Federal Capital will be the only place where Frepaso will win, with Bordon obtaining 36 percent of the vote and the Justicialist Party 5 points less, while the Radicals obtain only 9 percent.

Finance Secretary Calls for More Internal Savings

PY2103024295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1505 GMT 18 Mar 95

[FBIS Translated Text] Buenos Aires, 18 Mar (NA)—Finance Secretary Ricardo Gutierrez today expressed confidence that the crisis within the financial sector will be "totally overcome" during the next few days, and urged "everyone to be austere within the public sector, within the private sector, and within our families."

Gutierrez also termed as "effective" the speed with which Congress approved the VAT [Valued Added Tax] Law and increased in the tax base for personal assets. He said such action "highlights the fact that the country as a whole participated in solving the crisis in the financial and banking sector that affected us all."

He said it is still too soon to know "how long it will take to recover the level of deposits we once had," but expressed confidence that those deposits "will return and that during the coming days the financial problem will be fully overcome."

He said: "Conditions are right for a return of the deposits and for people to keep calm," and stressed that the loans that the country will receive "will be sufficient for Argentina's solvency."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Regarding the contribution of $1 billion that the main Argentine enterprises will make to the Treasury through the purchase of the Argentine bond, Gutierrez stated: "It is a sign that we do not want to return to the past because we are now aware that the problem concerns us all no matter to what party" we belong to.

He said: "We all agree that we must strengthen internal savings. If we do not there will be no cheap loans nor investments that we desire. They allow us to generate economic progress."

Gutierrez told a radio station: "We must not enter the red zone of rejecting external savings because they are very important and will make things easier. When external savings return they will be very welcome because we cannot live just on internal savings."

The Economy Ministry official said: "The only way to achieve savings is to be austere within our everyday life style, within the public sector, within enterprises, and within our families. That is what we will really need for development."

He said the government will persist in the "struggle against evasion because we believe everyone must pay. Evasion is a swindle against our competitors and against those who need funds for health, education, and housing."

Modin Candidate Favors Ending Convertibility

PY2103011495 Buenos Aires CLARIN in Spanish 19 Mar 95 p 14

["Summary" of interview with Aldo Rico, the presidential candidate for Movement for Dignity and Independence, Modin, by CLARIN reporter Walter Curia; place and date not given]

[FBIS Translated Text] [Curia] Since the agreement reached to reelect [Buenos Aires Province] Governor [Eduardo] Duhalde, there has been no news of any political events involving your party. Is Modin stuck?

[Rico] My campaign style is different. I am canvassing in the interior and I am having quite a lot of success. I go to the Malvinas Argentinas district, for instance, and achieve an audience of 800 people without providing free coaches, sandwiches, or alms. What political events are you talking about? What do you want me to do—go and strip at the Obelisk?

[Curia] Who will you oppose—the Menem administration or the opposition?

[Rico] Modin offers an alternative model. We offer the only different model in this political scene because the UCR [Radical Civic Union] and FrePaSo [Front for a Country in Solidarity] propose more or less the same thing. They all praise the Convertibility Law.

[Curia] Do you want to eliminate convertibility?

[Rico] Argentine wealth is being transferred abroad. We are lurching toward a default in our payment commitments. We must reschedule our external debt payments, repeal the Convertibility Law, and overhaul the federal system of government.

[Curia] Do you believe the other presidential candidates approve of [Economy Minister Domingo] Cavallo's model or is it that they are simply saying what the people want to hear?

[Rico] I will not talk ill of politicians. I hardly believe they will lie. I think there is a sort of intellectual sterility, that presidential candidates are unable to come up with solutions

[Curia] Will Cavallo's plan come to a sticky end in May?

[Rico] We are witnessing the downfall of his model. There will be a devaluation of the peso after 14 May [general election day] because international organizations are already demanding it. I do not know how Argentina manages to maintain this exchange rate while Brazil continues to devalue its currency.

[Curia] What changes has the appearance of [FrePaSo presidential candidate Jose Octavio] Bordon brought about within Modin?

[Rico] The system creates its own successors. Upon whom does Bordon lean? On the U.S. Embassy. Who does Bordon's wife want to look like? Hillary Clinton. Where was Bordon last year? He spent seven months in the United States. Just consider the paradoxes in our country—the left has nominated a presidential candidate for the first time and chose a conservative.

[Curia] Are you a standard-bearer for leftist ideas?

[Rico] I dare any leftist to propose what I am proposing. My first foreign policy measure would be to call upon Latin American countries to seek unity. The second would be to lift the blockade against Cuba, which could be the catalyst to bring about Latin American unity.

[Curia] What scenario do you picture for the election?

[Rico] Four minorities and a runoff election.

[Curia] What parties will participate in the runoff?

[Rico] I believe FrePaSo—and [its vice presidential candidate] Chacho Alvarez—is just a "boom" for the press. [Dante] Caputo's [foreign minister under Raul Alfonsin] move to FrePaSo is terrible. This is the best example of what pragmatism can do in politics. Still, many Radicals will continue to vote for the UCR even though they do not approve of it.

[Curia] Will [President Carlos] Menem lose in the runoff?

[Rico] I do not think so. Yet the presence of minorities will lead Menem, in his pragmatism, to give up his government program. We can tear his platform to shreds.

[Curia] Where will Modin draw its votes from?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Rico] I hope the main contribution will be the Peronist vote.

[Curia] Why did negotiations with General [Antonio] Bussi [Republican Force deputy for Tucuman Province] on the nomination of a running-mate fail?

[Rico] I exercised extreme caution with Bussi and with the electorate because I do not want a note of discord to creep into our relationship. The agreement failed because Bussi lacks a national project. He has an administrative project. He may undoubtedly be a very honest administrator, but I do not know what resources he will administrate.

Tucuman Public Workers Stage Protest, Demand Salaries

PY2003215995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1050 GMT 18 Mar 95

[FBIS Translated Text] San Miguel de Tucuman, 18 March (NA)—Hundreds of public workers have protested in the streets of the provincial capital to demand the payment of their February salaries. This protest was in advance of the Tucuman public workers' grand march on 20 March to protest the decision to reduce their salaries by 5 percent.

Teachers, municipal workers, and hospital, highway, and Social Well-Being Secretariat employees, who still have not received their February salaries, cut off traffic, burned tires, and used firecrackers during yesterday's protest.

What most worries public servants, however, is the unilateral decision by the Ramon "Palito" Ortega administration to cut public salaries by 5 percent as a "contribution" toward solving the province's financial crisis.

A cash shortage prevented the normal payment of February's salaries. So far, only court employees and a number of provincial policemen and teachers have received their salaries.

Teachers associated with the Tucuman Federation of Provincial Educators (ATEP) launched a real challenge against the provincial government: They decided to begin the school year three days after the official date of 20 March.

Meanwhile, municipal workers created real transit chaos in the downtown area by refusing to take up their positions at the so-called "gariteros" [traffic directing booths] that are used for ordering traffic.

Traffic was also disrupted in downtown areas because of the burning of tires and the use of noise bombs, which seriously disturbed normal daily activities.

San Miguel Mayor Rafael Bulacio complained that he had not received the federal revenue sharing funds allocated to the payment of salaries.

The provincial government, however, stressed that it is up to date with the disbursement of funds to all municipalities, adding that in the case of the capital district the province is collecting part of a credit granted at the beginning of the year and guaranteed by federal revenue sharing funds.

The most dramatic situation is being experienced at the state hospitals, where doctors and nurses are maintaining an emergency staff only to protest the province's delay in paying their salaries.

A grand march of public servants has been convened for 1000 on 20 March. The march will include active workers and pensioners, who will gather at the Plaza Independencia to repudiate the 5 percent salary reduction and to demand the payment of back salaries.

Bolivia

Article Supports U.S. Decision on Certification

PY2103003395 La Paz HOY in Spanish 11 Mar 95 p 6

[Article by Gonzalo Quiroga Zubieta: "U.S. Certification and National Blindness"]

[FBIS Translated Text] Most of the articles on the U.S. certification emphasize the "wrongdoing" of the administration of President Bill Clinton against the Bolivian Government by "daring" to put our country on a list of nations that receive conditional aid because of the cocaine issue which is related to the activities of thousands of Bolivian peasants who grow and harvest coca.

We acted with surprise in the face of "such an affront" because we believe we should never have been questioned—much less threatened—about being withdrawn from the list of countries that receive this benefit (that is: donations, alms, contributions, etc.) for promising to eradicate surplus coca and thus stop the supply of raw material for making cocaine paste and cocaine hydrochloride. These donations are part of the U.S. budget to help developing countries and in some way seek to "buy" efforts to fight drug trafficking, which is now so popular among thousands of Bolivian peasants who act as middlemen for drug traffickers and who want to make drugs an "industry."

To do this, some of our countrymen—including members of anarchistic parties—resort to lies and arguments that go against the basic principles of ethics and morals to justify a criminal act against humanity. This act, beside the damage caused to Bolivia and to some countries that are victims of drug consumption, has begun to contaminate our society and some outstanding public men who have not escaped its consequences and the corruption linked to it.

To ignore this fact and to venture a cynical justification, makes us look like a barbaric country that seeks to find in this activity a solution to the economic problems of thousands of peasants. The peasants have converted the Chapare region into a gigantic zone of mini cocaine processing plants under the amazed look of a government which has been unable to react as it should have—with respect for the human race. The government unjustifiably fears a reaction will unleash some kind of popular rebellion allegedly headed by a party and/or deputy who support peasant leader Evo Morales as a candidate for the Nobel peace prize, or by some repentant or active drug traffickers.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

We ask ourselves: When did we Bolivians lose our common sense? When did our courage and valor to fight criminals run out? How much longer can we go on resorting to the blackmail of growing coca and producing cocaine hydrochloride just to obtain and keep the economic aid of our own victims?

Obviously we are faced with the choice of rescuing ourselves as a country or definitely losing the possibility of remaining within the context of a civilized nation. Under these conditions, we only have one choice, that of rescuing our decency and values by showing to the world that we still have a good level of dignity, especially if we recognize the firm U.S. decision to reject any attempt to de-penalize drugs, a decision with which I personally agree.

The unfounded protests, when agreements are not fulfilled, should force us to coolly and prudently study this questioning by the U.S. Government...

Brazil

Government Note Defends Sivam Tender Winner Raytheon

PY2003233395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Mar 95 Section 1 p 13

[FBIS Translated Text] The Aeronautics Ministry on 16 March released an official note in which it attempts to deny charges that Fernando Gabeira, the PV [Vanguard Party] deputy for Rio de Janeiro, pressed against the Raytheon company.

The note denies a contention by Gabeira, who said the U.S. Government filed a lawsuit against Raytheon.

Backing its assertion, the ministry quotes four U.S. "personalities": Senator Edward Kennedy, U.S. Air Force Commander Charles Franklin, General James Link, and Defense Supply Agency executive John Kley.

In December 1994, the Brazilian Government asked for a statement by Kennedy in order to answer Gilberto Miranda, a PMDB [Brazilian Democratic Movement Party [PMDB] senator for Amazonas.

Miranda was the rapporteur of the bills authorizing the Brazilian Government to contract foreign loans to finance the Sivam [Amazon Region Surveillance System].

The senator then asked the Brazilian Government to report on the lawsuits that the U.S. Government filed against Raytheon.

Rather than seeking official information, the Brazilian Government made an informal consultation with Kennedy.

The senator said there was no U.S. Senate probe into Raytheon.

Kennedy did not answer the question posed by Miranda, who wanted to know if the U.S. Government had filed a lawsuit against Raytheon.

Operation of First Sivam Radar Announced for 26 Mar

PY2003191895 Madrid EFE in Spanish 1559 GMT 18 Mar 95

[FBIS Translated Excerpt] Brasilia, 18 Mar (EFE)—The Seventh Regional Air Command today reported that on 26 March, Brazil will start operating the first of the four sophisticated radars of the Amazonas Region Surveillance System (Sivam) in San Miguel de Cachoeira, on the border with Venezuela and Colombia.

Colonel Carlos Jose Pollhuber, the Sivam regional superintendent, has declared that the second stage of the project will begin in the second half of 1995, with the exact date as yet unestablished.

The radar network, which Brazil announced in 1993, will seek to guarantee the region's security, while checking drug trafficking and smuggling in the 5.2 million square kilometers of jungle on the Brazilian border with Colombia, Venezuela, Bolivia, Peru, Guyana, and Suriname. [passage omitted]

Deputies on Constitutional Amendment Committees Profiled

PY2003172495 Sao Paulo AGENCIA ESTADO in Portuguese 1826 GMT 19 Mar 95

[Report by Joao Domingos]

[FBIS Translated Text] Brasilia, 19 Mar (AE)—According to the Inter-Union Department of Congressional Advisers (Diap), the special congressional committees will easily approve the government constitutional amendment proposals for breaking the government monopoly on oil and telecommunications and for ending the difference between national and foreign companies.

On 20 March the Diap will distribute among the 650 trade unions that are involved with and subscribe to the Diap a profile of the special committees that will evaluate the constitutional amendment proposals to break the government monopolies and to end the privileges for Brazilian companies.

In addition to this profile, the Diap will provide the telephone and fax numbers of all the members of the committees so that personal pressure can be exerted on them. The Diap is the main instrument of trade unions and nationalist movements to lobby [preceding word given in English] in Congress.

An idea of the trade unions' approach toward the congressional members of the oil committee can be observed in the Diap report: "Presided over by Deputy Alberto Goldman (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo], who endorses the easing of the monopoly, the PFL [Liberal Front Party] assigned the rapporteur." The report continues: "The chosen rapporteur, Deputy Lima Neto (PFL-RJ) [Rio de Janeiro], is a neoliberal, and therefore he totally favors breaking the government monopoly on oil." In this point, the criticisms increase: "With this pair (Goldman

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and Lima Neto), the government will not encounter difficulties in having its proposal of ending the government monopoly on oil approved, at least by this special committee."

The Diap understands that the parties chose their best cadres for the special committee on oil. "Just to mention two names, the PFL- PTB [Brazilian Labor Party] bloc chose Deputies Jose Mucio Monteiro (PFL-PE) [Pernambuco] and Rubem Medina (PFL-RJ) [Rio de Janeiro], both of whom defend the market economy. Rubem Medina has been rapporteur of the CPI [Congressional Investigative Committee], which approved the government privatization program, and had asserted in his report that no irregular procedure had taken place."

The Diap reports that the PMDB has assigned congressmen that tend to support the government. The PSDB [Brazilian Social Democracy Party], which is the party of the president of the Republic, "appointed four hand-picked congressmen to defend the breaking of the government monopolies, beginning with the newcomers Marcio Fortes (PSDB-RJ) and Regis de Oliveira (PSDB-SP), who will work in coordination with veterans Jackson Pereira (PSDB-CE) [Ceara] and Vitorio Mediolli (PSDB-MG) [Minas Gerais].

The Diap states that although the PPR [Progressive Renewal Party] is not part of the government congressional base, it has also appointed congressmen who endorse privatization. "The PPR chose none other than Roberto Campos (PPR-RJ), who is probably the main Brazilian expert on neoliberalism, and Delfim Netto (PPR-SP), besides Julio Redecker (PPR-RS) [Rio Grande do Sul]," the Diap states.

As for the PP and the PL, the Diap arrived at the conclusion that these congressmen also favor the breaking of the government monopoly, although they do not have such great personal weight.

For the Diap, the president of the telecommunications committee, Deputy Humberto Souto (PFL-MG), is one of the most experienced deputies in congress. As for the aforementioned committee's rapporteur, Deputy Geddel Vieira Lima (PMDB-BA) [Bahia], the Diap predicts that he will be cautious and demand of the government a clearer design of its model to ease the monopoly in telecommunications or to engage in partnerships with private enterprises. In the case of telecommunications, the Diap concludes that the government will also triumph. "There are few possibilities for other alternatives."

In the same manner, the Diap foresees the government's triumph in the special committee. Regarding its rapporteur, Deputy Ney Lopes (PFL-RN) [Rio Grande do Norte], the Diap predicts that the government amendment will be approved. Lopes is viewed as "having experience, a liberal background, and good connections in Congress, and as being a good debater."

'Parallel' Constitutional Reform Under Debate

PY2103014495 Sao Paulo AGENCIA ESTADO in Portuguese 1800 GMT 19 Mar 95

[Article by Marcos Magalhaes]

[FBIS Translated Text] Brasilia, 19 Mar (AE)—A parallel constitutional reform is under debate at Congress. In addition to the six proposals seeking to open the economy and reorganize the social security area—which the government sent to Congress—36 other amendments have been presented to Congress or are being dug out of congressional files by deputies and senators, just one month after beginning their mandates.

Separate from the government, which is only concerned with breaking monopolies and balancing public accounts, congressmen seem to be interested in promoting a broad political reform. Topics like the adoption of the optional vote and the mixed district voting, in addition to a proposal restricting the use of provisional measures, will be debated over the next few weeks.

The 1995 Constitutional Amendment Number 1, which was presented on 16 February by Deputy Mendonca Filho (PFL - PE) [Liberal Front Party - Pernambuco State], offers the possibility of reelecting the president of the Republic, governors, and mayors. The proposal, which was almost approved during last year's constitutional review, now has one more detail: it allows candidates to run for reelection without having to leave their positions.

In the preamble that justifies his proposal, Deputy Mendonca Filho—who now heads the Chamber of Deputies Special Committee for Political and Electoral Reform—states: "Their forced resignation may result in a lack of administrative continuity. The Brazilian people must be given the opportunity to ensure the continuity of a well succeeded administration, as occurs in most countries."

The proposals open the door to the reelection of officials in executive branch positions, while the deputies and senators may close ranks against provisional measures. No less than five of the Constitution amendments presented this year—three at the Chamber of Deputies and two at the Senate—seek to control the excessive use of provisional measures.

The first amendment is signed by Roberto Magalhaes (PFL - PE), the president of the Chamber of Deputies Constitution and Justice Committee. He favors the filing of all provisional measures that are not approved or rejected within 60 days. The same procedure is suggested in a proposal signed by a group of 37 senators headed by Espiridiao Amin (PPR - SC) [Progressive Renewal Party - Santa Catarina State]. "Independence among the three government branches is being trampled on," Amin charges in the text which is attached to the amendment.

Another proposal seeks to limit the power of the executive branch. It was presented by Deputy Paulo Paim (PT - RS) [Workers Party - Rio Grande do Sul] in 1991 and was retrieved from the files this year. It seeks to make presidential vetoes more difficult to apply. Currently, 136 vetoes are being examined in Congress. Some of them date back to former President Collor's days in office. If Deputy Paim's proposal is approved, it will cancel all the vetoes that have not been analyzed and debated within 30 days. Paim said: "We should not let abuses or undue interferences occur."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

An old proposal to implement a mixed district voting system has jut been represented by Deputy Adhemar de Barros Filho (PPR - SP) [PPR - Sao Paulo State]. He wants congressmen to be elected through a mechanism that combines the majority and proportional voting systems. The amendment means at least half the representatives of each state would be elected through their districts.

If the amendment presented by Deputy Pedro Irujo (PMDB - BA) [Brazilian Democratic Movement Party - Bahia State] is approved, voting will become optional. Discussion about the political future of Brazil has just begun, but it will probably compete for the attention of congressmen with debates on economic changes proposed by the government.

Government Submits Social Security Bill to Congress

PY2003164795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Mar 95 p B1

[Article by Paulo Pinheiro and Vania Cristino]

[FBIS Translated Text] On 15 March the Brazilian Government submitted to Congress a draft bill that introduces changes to the social security system to provide for the resources needed to increase the minimum wage to 100 reals [R] monthly starting on 1 May. In addition to standardizing the social security contribution rate by all wage earners at 9 percent—which is detrimental to workers earning up to R174.86 monthly—(currently the rate varies between 8 and 10 percent) and to forcing beneficiaries who return to the job market to make further contributions, the draft bill seeks to stop the drain of resources by limiting the concession of benefits and by taking issues to court.

The monthly social security revenues will increase from R2.5 billion to R2.9 billion in May. According to Social Security Ministry experts, the financial gains obtained through these changes will be completely absorbed by the minimum wage increase.

An adviser to Social Security Minister Reinhold Stephanes said: "Starting in May, we are going to have to spend a little from our cash reserves to cover the difference between our revenues and expenses." He said that the readjustment of benefits through the IPC-r [Consumer Price Index-real] alone will cause social security expenses to total R2.9 billion monthly beginning in May. According to Social Security Ministry estimates, the real increase alone—that is, the percentage in excess of the IPC-r variation that is needed to set the minimum wage at R100—will represent an additional annual spending of more than R700 million.

Only retirees and pensioners earning the minimum pension will start collecting R100 monthly starting in May. There are nearly 12 million benficiaries collecting the minimum pension. For the remaining 3.5 million beneficiaries, the readustment in benefits will be based only on the IPC-r variation during the period; that is, nearly 30 percent.

Experts have said that the money to cover the minimum wage increase will come from the pro labore revenues (a contribution to be made by companies on payments made for services rendered by third parties). A draft supplementary law restoring this contribution was sent to Congress on 13 March.

Deputy Jose Anibal (SP) [Sao Paulo], the PSDB [Brazilian Social Democracy Party] bloc leader, and Michel Temer (SP), the PMDB [Brazilian Democratic Movement Party] bloc leader, believe that the draft bill stands a good chance of winning approval. Temer said this draft bill is designed to benefit large popular groups. Workers Party Deputy Paulo Paim (RS) [Rio Grande do Sul] notes, however, that the bill makes no sense. He described it as "just a marketing stunt" because the IPC-r variation through May would have raised the minimum wage to nearly R100 at any rate. He added: "It means to exchange an already guaranteed increase for nothing."

Highlights

Herewith the main topics of the draft bill President Fernando Henrique Cardoso submitted to Congress yesterday:

—It standardizes at 9 percent the social security contributions by wage earners and at 20 percent the contributions by (independent) individuals.

—Retirees who return to the job market will have to start contributing again to the social security fund.

—It standardizes at 20 percent the contribution by independent workers, professionals, employers, and voluntary members (housewives, students, and unemployed individuals).

—Payment of allowances will be discontinued if the beneficiary becomes independent.

—Rural service time may be computed only for the purpose of obtaining rural benefits or a minimum urban benefit.

—Only the legal and common law spouse, children, parents, and siblings are considered to be dependents for the purpose of social security benefits.

—Special retirements will be granted only to workers who are exposed to hazardous or unhealthy working conditions.

—It raises the minimum contribution time to eight years beginning in 1996.

—It eliminates the difference between the rules used for calculating benefits stemming from accidents at work and those used for other benefits.

—It eliminates payment of bonuses to cover childbirth expenses.

—It eliminates payment of cash compensations.

—It prohibits the accumulation of retirement benefits.

—It standardizes the value of compensation bonuses in case of an accident to 50 percent of the worker's taxable salary.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

—It eliminates special retirement programs for journalists and flight crew members.

—It allows for the revision of benefits granted under court rulings. If there are signs of fraud, payment of the benefit will be automatically suspended.

—It requires a minimum of 12 contributions for the concession of accident bonuses, retirement by reason of disability, bonuses for accidents, bonuses for imprisonment, and bonuses for death. At present, there is no minimum requirement for payment of these benefits.

—Retirement by reason of disability will be equivalent to 100 percent of the beneficiary's would-be annuity (average of the last 36 salaries).

—Pensions for death will be equivalent to 100 percent of the beneficiary's would-be annuity. Today, it is equivalent to 80 percent of the would-be anuuity plus 10 percent per dependent.

—It requires a person retired by reason of disability to undergo medical exams after starting to collect the benefit. If it is confirmed that the person has been rehabilitated, payment of the benefit will be suspended.

—It provides for the revision of all rural benefits granted since 15 July 1991.

Unions Pressure PT To Delay Social Security Reform Debate

PY2103012795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Mar 95 Section 1 p 5

[FBIS Translated Text] The social security reform bill will have a contender in Congress, where PT [Workers Party] Deputy Eduardo Jorge (Sao Paulo) has submitted another social security reform bill.

The matter that is so controversial nonetheless produced an unexpected agreement yesterday. Marcelo Deda (Sergipe), deputy leader of the PT bloc in the Chamber of Deputies, joined PFL [Liberal Front Party] Deputy Benito Gama (Bahia), the government party deputy leader in Congress, in requesting a delay in the admittance of the bill proposed by Jorge to the CCJ (Constitution and Justice Committee).

FOLHA was able to learn from PT sources that labor unions had pressed the PT to hinder the debate on the social security reform.

The rapporteur for the amendment's feasibility (whether or not it violates the Constitution) is the PT leader for Sao Paulo, Jose Genoino, who cast a supporting vote.

The amendment proposed by Eduardo Jorge, which was supported by the signatures of 174 deputies, has been awaiting a CCJ decision—the first step toward its approval—since August 1993.

The matter should be again debated next week, when the government proposal will also be debated.

The amendment proposed by Jorge, which institutes a single basic system, is more radical than the one proposed by the government.

In the new social security system Jorge proposes the inclusion of civil and military public servants, doing away with differences and privilege.

Chile

FACh Commander Denies Reported Disagreement With Israel

PY2103014795 Madrid EFE in Spanish 2040 GMT 17 Mar 95

[FBIS Translated Text] Santiago, 17 Mar (EFE)—Chilean Air Force (FACh) Commander, General Ramon Vega, denied today any "disagreement" between Chile and Israel over technical failures in the "Falcon" aircraft that the Israeli Aeronautics Industry (IAI) has modernized.

"We are working in absolute harmony with the IAI and everything is running smoothly," said General Vega, adding that "there are no problems whatsoever" with the Israeli industry.

"We have very good relations and the 'Falcon' project is in its final evaluation stage. Obviously in a system as complex as that there are many programming problems that must be concluded," the FACh commander said.

The Israeli newspaper HAARETZ has reported that Chilean military officers have discovered failures in the electronic instruments of the Chilean "Boeing 707" that has been transformed into a "Falcon" at an Israeli IAI plant. These faults can affect its operational effectiveness.

The same source said that because of these problems Chile has refused to pay for the repair work, estimated at $2 million.

The plane, which the FACh has named "Condor," is an "electronic eye" that can spot details 400 kilometers around it.

The plane has an advanced radar under its "nose," supplemented by screens and the most modern electronic systems.

The "Condor" will increase the FACh's capacity to control the air space, the coast, and border areas.

In a special ceremony, the FACh today received the new French-Belgian "Elkan" supersonic planes, which are like the French "Mirage."

The "Elkan" planes, which is basically the "Mirage 5" and which were modernized in Belgium, can fly twice the speed of sound and reach more than 65,000 feet.

The FACh has confirmed the purchase of 25 of these planes to replace the old "Hawker Hunters" which will no longer be used.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Colombia

Samper Announces Counternarcotics Agreement With EU

PA1903204495 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 Mar 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano has reached a special agreement with the EU to work toward the joint implementation of an anti-narcotics program that will cover all areas of this problem. Samper reported this to the center-left French newspaper LIBERATION in an interview just before he left Europe. The interview was published today.

Samper alluded to a number of options contained in the plan, including crop substitution; alternative development; and the heightened struggle against the drug cartels' business operations, drug consumption, and the laundering of narcodollars. Samper also said there are other important aspects for which he expects to gain EU support. They include the cooperation of intelligence services and control of precursor chemicals used to manufacture drugs.

Samper believes the U.S. description of Colombia as a narco-democracy and charges that he was elected with the support of the Cali Cartel reflect U.S. domestic policy and partisan differences between Republicans and Democrats. Samper said had there been a Democratic majority in Congress following November's congressional elections in the United States, Colombia would have obtained full certification without any problem.

Minister on Border Situation, Guerrilla Leader's Death

PA1903021295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 18 Mar 95

[Interview with Colombian Defense Minister Fernando Botero Zea by Ivan Dario Parra in Santa Fe de Bogota; from the "Cripton Newscast"—live]

[FBIS Translated Text] [Dario Parra] We are in the office of Colombian Defense Minister Fernando Botero. Mr. Minister, have you any comments regarding the statements by Venezuelan President Rafael Caldera at the border?

[Botero] I believe they are very positive statements that have helped ease tensions in this area. His comments on the friendship between Colombia and Venezuela are very acceptable. We believe that Colombia should also search for ways to ease the tensions surrounding this issue.

[Dario Parra] Then you do not believe that President Caldera's administration is on a war footing with Colombia?

[Botero] I have never believed that. It is important to understand their very justifiable indignation at the atrocious attack by guerrilla forces on the Cararabo military post. But I also know that Colombia has taken some pertinent steps: It has captured the Army of National Liberation (ELN) leader who carried out the attack, and the military presence along the border will be permanently increased.

[Dario Parra] Mr. Minister, President Caldera said that the media has exaggerated the border issue a bit. Do you see it that way?

[Botero] It is possible that this is a very newsworthy item. What is important is that this is a painful but transitory incident. What lies ahead is a very important path: integration and friendship with Venezuela.

[Dario Parra] The deportations continue.

[Botero] Yes. We have made observations to the Venezuelan Government about poor treatment and eventual violations of human rights, which we hope will be kept in mind and corrected.

[Dario Parra] Certain media broadcast a video yesterday regarding the resurgence of guerrilla forces in Venezuela. Is this true? Is it considered a fact? Are there guerrilla forces present in the neighboring country?

[Botero] There are some apparently small subversive groups in Venezuela. I know President Caldera's administration and the Armed Forces are making a very great effort, just as we are making an effort in Colombia. Our problem is much greater.

[Dario Parra] Finally, Mr. Minister, changing the subject, does the government have any specific news about the death of Manuel Marulanda Velez, alias Tirofijo?

[Botero] The national government would like to say that at this time it cannot confirm the report. On the contrary, the government has many reasons to believe it is far from the truth.

[Dario Parra] Thank you very much, Mr. Minister. This is the latest news from the Defense Minister's Office.

Truth of Report of Death of Top FARC Leader Questioned

PA1803194595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 18 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Announcer] As has happened before, today some of the media assumed Manuel Marulanda Velez—the legendary Tirofijo—dead. A telephone call allegedly made by Ivan Marquez—another FARC [Revolutionary Armed Forces of Colombia] leader—confirming Tirofijo's death triggered the rumors. There are still serious doubts on the veracity of this report.

[Unidentified reporter] This is not the first time Manuel Marulanda Velez, also known as Tirofijo, is assumed dead. The media has assumed him dead thoughout his 46 long years of guerrilla activities, either killed during a scuffle or

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the victim of a disease. The oldest guerrilla in the world could very well be dead this time due to a serious kidney ailment or a heart attack. Any Colombian guerrilla who respects himself does not die from bullets, but from old age. However, the report of his death has been questioned because the voice of the person identifying himself as Ivan Marquez and confirming Tirofijo's death does not match the voice registered in the available Marquez recordings. In addition, the presumed Marquez said Tirofijo was 81 years old, whereas the real Marquez knows Tirofijo is only 67.

Manuel Marulanda was born on 13 May 1928 in (Picao), Caldas. On 9 April 1948, when he was 20 years old, Marulanda joined the liberal guerrillas along with his relative Gerardo Loaiza in Tolima. Later, he joined the peasant self-defense groups and as a result of the military operations in Sumapaz during the administration of Guillermo Leon Valencia, he and other guerrillas founded the FARC in 1964. After Jacobo Arenas died from a heart attack several years ago, Marulanda became the top chief of the FARC and established fronts in most of the country's departments.

The official report disclosed by the Administrative Department of Security on the presumed death of Manuel Marulanda Velez, alias Tirofijo, is the following: the voice heard on the telephone clearly matches that of FARC member Ivan Marquez; however, the authorities have not fully confirmed the content of the conversation announcing the death of legendary guerrilla Tirofijo.

Ecuador

Poll Shows Growing Support for Duran-Ballen

PA1703134795 Quito Voz de los Andes in Spanish 1700 GMT 15 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The latest public opinion poll published on 10 March shows that the Ecuadoran people overwhelmingly support President Sixto Duran-Ballen and his national defense efforts. According to Cedatos, one of the country's most prominent think tanks, the people are more cooperative now in answering than they were before, following their painful experience of an undeclared war with Peru. From a different perspective, the poll found that political indecision has increased regarding support for the presidential candidates for the 1996 election.

At the beginning of the year, almost 20 percent of the people had made up their mind about which presidential candidate to vote for in May 1996. After the conflict broke out hardly 10 percent said they had selected their presidential candidate, according to Cedatos. Most of those polled, 47 percent, did not not indicate a choice or believed that none of the Ecuadoran politicians has a fair chance at the presidency. Jaime Nebot of the Social Christian Party seems to be the candidate with a better chance, followed by Frank Vargas, Rodrigo Paz, and Abdala Bucaram. Among newer names, Cedatos found Heinz Moeller, the current president of the National Congress, who has also had a significant diplomatic role in the territorial dispute.

Cedatos asked respondents to evaluate the performance of people and institutions who participated in the border conflict. The best rating went to the Armed Forces, who scored 93 percent. The people's unity and patriotism scored a 90 percent approval rating followed by President Sixto Duran-Ballen with 85 percent, Defense Minister Jose Gallardo with 83 percent, and the media with 82 percent. Next came Foreign Minister Galo Leoro and Congress President Moeller. The international community and the Rio Protocol Guarantor nations received very low ratings.

Financial Authorities To Report on War Costs

PA2103042295 Quito Voz de los Andes in Spanish 1700 GMT 20 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Financial officials will have to explain to the National Congress how much the country has spent to defend its sovereignty against Peruvian aggression and its corresponding financing.

A score of deputies asked Congress President Heinz Moeller to summon Finance Minister Modesto Correa and Ana Lucia Armijos, president of the Monetary Board, before the congressional plenum to give a report on the costs of the war and its corresponding financing. The said government officials will be summoned this week.

Minister Correa stated the war cost the country approximately 600 million sucres or the equivalent of approximately $250 million and that alternative sources for its financing are being sought, including eliminating exemptions on the payment of the value added tax, which has been strongly criticized by congress.

According to a majority of legislators, there is no more room for taxes because more than enough to finance the costs of the war can be obtained from a 2-percent vehicle circulation tax; the contribution of wages equivalent to two days of work by public and private workers; the use of the budget surplus for 682 billion sucres; and a 10-percent budget cut.

Correa stated categorically that the government will not resort to economic measures nor the creation of more taxes to finance war costs.

Finance Minister Comments on Threat of Political Trial

PA2103024795 Quito Voz de los Andes in Spanish 1700 GMT 20 Mar 95

[Report by Marco Bravo from "The Voz Andes Newscast"]

[FBIS Translated Text] Congress is ready to request a political trial against Modesto Correa, finance and public credit minister. Despite the political moratorium, quote unquote, stemming from the border conflict, Almeida [not further identified] insists that the trial take place, because there are several dark points that have to be clarified, particularly regarding customs:

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Begin recording] [Almeida] I have evidence that is very revealing and deplorable. I believe, I know the finance minister is, in fact, negotiating with many groups. I will [words indistinct] the groups with which he is negotiating now. In short, we will see how the minister crumbles when he comes to Congress.

[Bravo] It could be a sterile effort, because it seems the minister is about to leave.

[Almeida] I do not know about this point. I believe we will have to bring him to Congress. I am going to bring him here. [Words indistinct] with the face of a fool to want to damage the Ecuadoran state. I will neither forgive, forget, nor pull back from my position, which is unalterable, because that is the how it has to be. Did you see how we have defeated the toll rates in Guayaquil? I believe we always have to benefit the Ecuadoran state and not harm it. [end recording]

Meanwhile, Finance Minister Modesto Correa has admitted he is ready to go to Congress, especially to clarify the customs issue:

[Begin Correa recording] Look, when is it that customs issues are not [words indistinct]? It has always been like this. Unfortunately, this has been the status quo in this area.

I believe I was threatened with a political trial two or three days after I assumed the Finance Ministry. I have always received such threats for one reason or another. If there is any investigation that has to be done in customs, theft of containers, [words indistinct] that has always been the practice in customs.

Now that I am in charge of the ministry [words indistinct], I have been able to notice at a closer distance that there is really [words indistinct] in customs. There is also the belief that we could accumulate revenues from what is collected every year if customs were handled conscientiously and with responsibility. I believe this point is important. For example, we are already observing that the current administration, which has been in office for two months, is yielding such results. [end recording]

There is no consensus on the legislative level to initiate a political trial against Finance Minister Modesto Correa. The position held by several blocs is not based on the minister's innocence or guilt but, rather, on the need to maintain the current political unity in the country. This comment was stated by Deputy Marcelo Lopez of the Popular Democracy Party:

[Begin Lopez recording] I do not believe it would be opportune to challenge or initiate procedures of censure in the country's current state. We are, in a certain way, still enjoying, benefiting from the unity prompted by the war and the conflict. I do not believe it is advisable or pertinent to start a political trial at this time even though I know that lawyer [word indistinct] is right in calling the minister and custom officials to answer [word indistinct] and tariffs. I do not belie it is relevant [words indistinct] to go to a trial and present a challenge that would destabilize the country politically. [end recording]

The question of whether to initiate a political trial against Finance Minister Modesto Correa has entered the country's political reality, and the National Congress is preparing to debate it in the coming days.

Energy Minister Rules Out Hike in Electricity Rates

PA1703133295 Quito Voz de los Andes in Spanish 1200 GMT 16 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The government has ruled out for the umpteenth time an increase in electricity rates, Energy and Mines Minister Galo Abril has said.

[Begin Abril recording] An increase will not be implemented as long as it is not necessary. If anything, there may be a rate reduction, because there are companies and industries paying inflated rates for electricity. This is what may be revised, possibly resulting in a rate reduction. [end recording]

Japan's Eximbank Grants $600 Million Credit

95SM0235B Guayaquil EL UNIVERSO in Spanish 5 Mar 95 p 1

[Unattributed article]

[FBIS Translated Text] Quito—The Eximbank of Japan (a Japanese government bank) has offered a $200 million credit to strengthen Ecuador's financial planning. This was announced by Minister of Finance Modesto Correa.

It is expected that this financial assistance will be provided during the first two weeks of March. This will complete the process of negotiation begun in November 1994.

Resources from this credit will be used to pay back a bridge loan for the same amount of money which the Andean Development Corporation [CAF] entered into last week to facilitate the purchase of debt collateral (zero-coupon bonds) and the final exchange of old paper pertaining to the external debt owed to international private banks.

According to Correa, the Eximbank loan will provide the necessary resources to continue implementation of the complete plan for restructuring the economy and cofinancing the loans extended for the same objective by the International Monetary Fund, the IAD [Inter-American Development Bank], and the World Bank.

He emphasized the importance of the Eximbank and the cooperation which it provides to developing countries in their processes of stabilization and growth.

Paraguay

Vice President on Peasant Rally, Concerns About Subversion

PY2003153795 Asuncion ABC COLOR in Spanish 16 Mar 95 p 7

[FBIS Translated Text] On 21 March, President Wasmosy will travel to San Pedro, where—he contended—some peasants were caught in possession of subversive literature.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Commenting on this, Vice President Angel Roberto Seifart stated that the protest rally peasants staged on 15 March proved that "extremist proposals—that ideological incitement and fomentation—met with little support, which is something very positive."

The vice president added: "It is a true compliment to our democratic transition that important sectors of the population should have held a demonstration without disrupting public order and aired their grievances in a civilized manner and under the protection of their constitutional guarantees."

Commenting on the head of state's claim that there are subversive cells in Paraguay, Seifart said that the president had stated that "some peasant sectors have been imbued with some ideologies in the sense that certain persons who hold certain ideologies are working with them and corrupting them. That was all."

With regard to President Wasmosy's concern about the fact that yesterday's march was organized with foreign support, Interior Minister Carlos Podesta said that there is nothing wrong in the fact that trade union organizations may obtain support from abroad. Podesta met with Seifart, Justice and Labor Minister Juan Manuel Morales, and ANR [National Republican Association-Colorado Party] Chairman Eugenio Sanabria Cantero to analyze yesterday's demonstration.

Podesta pointed out that during the meeting, they assessed the speeches delivered on the occasion. The interior minister acknowledged that peasants are right in many things and that the government will try to find a way to meet their demands. He announced that Wasmosy will travel to San Pedro on 21 March to listen to peasants' grievances.

Agriculture Minister Arsenio Vasconcellos pointed out that the ministry he heads wil not take any stand on one of the peasants' demands, namely, that the price of cotton be raised to 1,500 guaranies per kilogram.

In this regard, Vasconcellos explained that the Agriculture Ministry is not responsible for the price of cotton and that there is enough information about international prices to have a precise idea of the price local cotton-growers can obtain.

Moreover, he recalled the communique issued by the economic team on estimates of cotton prices following an analysis of international prices. The reference prices that the economic team suggested some weeks ago ranged from approximately 950 to 1,000 guaranies.

Wasmosy Denies Coup Rumors; Says Oviedo Will Not Retire Yet

PY2003155495 Asuncion ABC COLOR in Spanish 20 Mar 95 p 2

[FBIS Translated Text] In an unusual move, President Juan Carlos Wasmosy received reporters "on guard" in front of his residence, the Mburuvicha Roga [Guarani name of presidential residence], on the evening of 18 March. The president called in reporters to deny rumors about a meeting with Colorado Party leaders and military chiefs that allegedly took place on the premises.

The president said: "You know, I am the commander in chief." He thus tried to confirm his position as the highest authority in the Armed Forces and denied the possibility of any type of coup as a result of any annoyance within the military.

"You do not see the Mburuvicha Roga surrounded by troops. Just go and have a look at the Cavalry, the Navy, or the Air Force. You know, I am the commander in chief; what coup are you talking about," Wasmosy said.

Wasmosy also denied rumors about his participation in a meeting with Army Commander Lino Cesar Oviedo at the Cavalry the afternoon of 18 March.

The president laughingly denied the rumor, saying that at the time of the alleged meeting, he was attending a religious ceremony to baptize private secretary Ruben Melgarejo Lanzoni's son at the Metropolitan Cathedral. "I returned from the Baptism of Melgarejo's son, not from any meeting at the Cavalry," the president said, with a laugh.

"If It Is Not Convenient for Me To Send Oviedo Into Retirement, I Will Not Do It"

Asked about General Oviedo's imminent retirement, Wasmosy asked why he would do that. When told that many people sought Oviedo's retirement, the president said: "I do not care if 50 people ask for his retirement. It is not convenient to me, and I will not do it."

In the past few days, opposition leaders have said that the commander in chief should order the controversial military chief's retirement because of his impact on and influence in politics, and as a consequence of remarks made by Colorado Party senators who support the Army commander's presidential ambitions and who admitted to Oviedo's political activities.

I Do Not Take the Oviedo-Argana Alliance Seriously

Reporters asked Wasmosy about the alliance in the Senate between Oviedo and [Luis Maria] Argana supporters to try to influence the appointment of Supreme Court justices and Superior Electoral Court members.

The president laughingly answered: "You may also join Argana if you like," trying to show that he did not take seriously the political implications of an agreement between those who worked by his side until just a short time ago and those who criticized his government from the beginning.

Wasmosy Explains Reason for Early Return From European Trip

PY2003143695 Asuncion ABC COLOR in Spanish 20 Mar 95 p 2

[FBIS Translated Excerpt] President Juan Carlos Wasmosy explained why he moved forward the hour of his return from Europe on 18 March. The event raised suspicion among Paraguayans due to the conflict created by ruling

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Colorado Party senators who disagreed with government representatives negotiating the list of nominees to the future Supreme Court and the Superior Electoral Court with the opposition.

The president said the delegation arrived in Sao Paulo, Brazil from Budapest, Hungary—the last leg of his European tour—at 0400 (0300 Paraguayan time). "The connection to Paraguay was not scheduled to depart until 1000 (0900 Paraguayan time), and we would have been forced to stay at the airport for some six hours without doing anything."

"In view of this, I ordered a plane to come to Sao Paulo to pick us up. This is why I, and those who could be accommodated in the plane, were back by 0730," the president said. [passage omitted]

Wasmosy Dismisses Coup Rumors, Rejects Stroessner Amnesty

PY2003233495 Asuncion ULTIMA HORA in Spanish 20 Mar 95 pp 3, 5

[FBIS Translated Excerpt] Stating that he pays no heed to the foolish comments made by politician Luis Maria Argana, President Juan Carlos Wasmosy ruled out that Vice President Angel Roberto Seifart might be scheming against him. Likewise, the head of state dismissed new rumors about a coup d'etat, and asked citizens not to create an antagonistic atmosphere.

Shortly before departing for San Pedro Department, the president called a news conference to clear up rumors about alleged military maneuvers to rise up against the government and about [Army Commander] General Lino Oviedo's involvement in politics. The latter participated in the news conference together with the other Armed Forces commanders.

Wasmosy said: "First, I take no notice of (Luis Maria) Argana's stupidities. Besides, I have authorized Oviedo to say whether or not it is true (that he has entered into an alliance with Argana). This is just a disparagement to make Gen. Oviedo fall into a trap and say he is engaged in politics, so that a bunch of henchmen can then request that he be admonished by Congress."

With regard to the suspicious advancement of his return to the country, and the alleged meetings he held with Oviedo, Wasmosy stated that he arrived home earlier because he found an available flight. He also denied that he had had a dispute with the Army commander as a result of last week's political crisis.

Asked about rumors that a coup was in the offing, the president replied by asking citizens not to create an atmosphere of antagonism, while at the same time denying them. He sarcastically commented that every time a plane takes off or a fuel tank truck goes somewhere, supposedly to supply the military tanks with fuel, people talk about a possible coup.

In reply to charges leveled against the vice president by pro-Argana Senator Arnaldo Rojas Sanchez, Wasmosy said: "Do you seriously believe that a vice president is going to plot against the president? With whom, and how? The evaluation is yours, but enough with all the intrigues."

The head of state said this morning that his administration is against impunity, and made it clear that if former dictator Alfredo Stroessner sets foot on Paraguayan soil he will stand trial for the charges against him.

Wasmosy pointed out: "I said so yesterday, I repeat it today, and will do so tomorrow. We do not bar anybody from entering the country. However, if somebody has problems with Paraguayan justice, that person will have to answer for it. We are not entitled to prevent anybody from coming to Paraguay."

Concerning the famous "amnesty law," Wasmosy asserted that at the beginning of the election campaign, before he was elected president, he had talked about looking at the future rather than back on the past. "Still, this does not mean passing an amnesty law."

He noted that pursuant to the Constitution, a statute of limitations does not apply to violations of human rights, and all those who have committed those crimes must be tried in court.

The head of state underscored: "The people are expecting better days, and do not want to look back on the past. This does not mean, however, that an amnesty law will be enacted. I am not in favor of letting that gentleman (alluding to Stroessner) go unpunished."

Foreign Ministry spokesmen stated this morning that they know nothing about reports that the Paraguayan Government will lodge a protest with the Brazilian Foreign Ministry over Stroessner's activities in that country. They simply said that no comments had been made in Paraguay about Stroessner's partisan activities, because the former dictator is not under surveillance in Brasilia. [passage omitted]

Oviedo Denies Involvement With Political Movement

PY2103011595 Asuncion RPC Television Network in Spanish 1600 GMT 20 Mar 95

[Remarks to journalists by Army Commander General Lino Oviedo and President Juan Carlos Wasmosy at the international airport in Asuncion—recorded]

[FBIS Translated Text] General Lino Cesar Oviedo ruled out any kind of alliance with Luis Maria Argana. He also dismissed the legislators who are calling themselves Oviedists.

[Begin recording] [Oviedo] I despise egocentric attitudes. No Oviedist movement exists, and least of all direct or indirect talks with Argana. I like to be consistent. I like to have a clear position. I participated in the movement that brought about this democracy. I am not a chameleon. I do not change colors, seats, or clothes for different occasions. I

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will not meddle in politics, either, and least of all in the backward attempts or authoritarian movements of egocentrics.

[First unidentified reporter] Would this not be inconsistent, general?

[Second reporter] Why, then, are you being constantly named in partisan activities?

[Wasmosy] All of us who occupy high positions will always be better targets than those below. That is just natural.

[Reporter] Is it true that you spoke with some senators to ask them to oppose some of the names on the list of Supreme Court candidates?

[Oviedo] I will answer the question posed by this young reporter, who wanted to know why some people use my name. You must realize that we live in democracy, and everyone, without distinction, has the right to give his opinion, the right to express his feelings and what he thinks. Let them do it. The people will decide what is true. The truth will always triumph. [end recording]

Peru

Poll: Fujimori's Support Increases for April Election

PY2103022795 Madrid EFE in Spanish 1623 GMT 19 Mar 95

[FBIS Translated Text] Lima, 19 Mar (EFE)—According to poll results released today, 19 March, in Lima, with the 9 April 1995 general elections only 21 days away Peruvian President Alberto Fujimori has increased his level of acceptance among voters.

Fujimori, candidate for reelection, obtained 47.2 percent of the intended votes in the poll carried out in the Lima metropolitan area by the specialized company "Imasen."

Former Secretary General Javier Perez de Cuellar came in second, with 19.4 percent, while Lima Mayor Ricardo Belmont obtained third place with 4 percent.

In a previous poll conducted a week ago by the same company and within the same area, the Peruvian president obtained 46.6 percent, while Perez de Cuellar obtained 21.8 percent.

These figures were obtained as a result of the following direct question asked of voters: "For which candidate would you vote if elections were held tomorrow?"

In a survey also carried out in Lima, on 15 and 16 March, the "Datum" company grants Fujimori's party—the Change 90-New Majority coalition—51 percent of the intended votes, six points more than were obtained in a 9 March survey.

Union for Peru (UPP), the organization that supports Perez de Cuellar, obtained 20 percent, 1 percent greater than in the previous poll. Code [Democratic Coordinating Group]-Viable Nation, whose presidential candidate is the economist Alejandro Toledo, obtained 6 percent, surpassing the Obras Movement, which supports Lima Mayor Ricardo Belmont and received 4 percent.

In this case the question to those polled was: "For which group, party, or movement would you vote" if elections were held tomorrow?

When "Datum" also consulted Lima voters concerning their approval or disapproval of Fujimori's administration, the level of acceptance of the president's work was 68 percent, four points greater than that obtained in a similar poll in January 1995.

The level of disapproval was 25 percent, six points less than in January.

The "Imasen" poll grants 30.6 percent of the votes to Fujimori's party, while former UN Secretary General's UPP obtained 15.4 percent in answer to the following question: "For which congressional list will you vote?"

According to the poll conducted by this company, economist Toledo, who had been third in previous polls, has moved to fifth place with 3.1 percent, behind Fujimori, Perez de Cuellar, Ricardo Belmont, and Mercedes Cabanillas (3.6 percent).

Perez de Cuellar on Ecuador, Elections

PY1703220095 Lima CARETAS in Spanish 9 Mar 95 pp 28-32

[Interview with Union For Peru Movement, UPP, presidential candidate Javier Perez de Cuellar by Raul Vargas Vega on 6 March, place not given]

[FBIS Translated Text] [Vargas] The Peruvian-Ecuadoran conflict has been the most important issue under discussion during February. You have adopted a very controversial attitude in this regard. Do you believe you may have exaggerated a little? What would be most constructive in this case?

[Perez de Cuellar] I would say that all Peruvians have the duty to serve a national cause, and not to promote false expectations. I remember that I stated publicly on 27 January that I had placed myself at the service of my country. No one summoned me.

Although I would not describe myself as an indispensable genius for solving this issue, I believe that more than 40 years of experience as a diplomat, particularly with great experience in the handling of issues similar to that going on with Ecuador, may have been of some help. Had I been summoned, perhaps I would not have felt compelled to make that public statement. I did so because I felt I had to clear my conscience in some way.

[Vargas] Weren't you summoned? You made a statement, but you were overtaken by events. Were you perhaps thinking of achieving some electoral gain?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Perez de Cuellar] That is not true. Fujimori himself acknowledged a positive reaction of support from the opposition.

The administration has not cared to carry out consultations or achieve a greater consensus within Peru regarding the conflict.

I did only what was strictly necessary. First, I felt that I should gain the attention of the guarantors by reminding them of the 1981 agreement, which states that the two parties should remain on the western and eastern banks respectively.

Then the negotiations in Brasilia ensued. In view of Ecuador's disagreeable behavior, I believed it would have been much more prudent not to have signed a commitment while Ecuadoran forces were present inside our territory.

I was told that this was absurd, because a cease-fire could be signed with the presence of foreign troops inside our territory. My argument is based on our experiences in our negotiations with Ecuador, which should make us more careful.

Later, unexpectedly, the Itamaraty Agreement was signed. People were never informed about the issues under negotiation. I believed it was my duty to make some observations.

Moreover, I am a presidential candidate. Normally, in any democratic country, I would have been consulted, because if—as I expect—Fujimori is not reelected, it will be either up to me or to another candidate to implement this agreement.

In view of the impending elections, the normal thing would have been to inform the candidates about it and to request their opinion.

Unfortunately, the agreement was signed and the president decided to enforce an immediate cease-fire. I believe he did this without even consulting the military. Nevertheless, the Ecuadorans resumed the attack. This proves that I was not so wrong.

[Vargas] What is the current situation?

[Perez de Cuellar] It is very worrisome. Peru has signed the Itamaraty Agreement. Whether or not I like it, these agreements have been signed by Peruvian representatives and they have to be upheld, just as we uphold the Rio de Janeiro Protocol.

In addition, after Ecuador violated the Itamaraty Agreement, there was the Montevideo Agreement. "About time," I said, in view of the bloodshed of our brothers.

This will be a very difficult negotiation. We will have to see which part of the territory is demilitarized. I hope that it is not only Peruvian territory but also Ecuadoran territory that is demilitarized. We will also have to determine whether this will affect only the region encompassing the current conflict, or whether it is going to be a preventive measure affecting the entire border region that is not demarcated. All this is going to be quite complicated.

[Vargas] How should we prepare ourselves for this demarcation?

[Perez de Cuellar] Unfortunately, the president believed it was timely to publicly state that Peru would offer a free trade zone and a free port on the Amazon River. I humbly believe this was not the right time to make this offer, particularly after having been the target of Ecuadoran aggression. We are adopting a conciliatory attitude toward the Sixto Duran-Ballen administration, which is not adopting a similar attitude.

Moreover, for the sake of the negotiations, which should always have the support of the guarantor countries, the president found nothing better to say than that during the military government, Peru had prepared for an offensive against Chile.

How can we say such a thing and thus grant Ecuador a fabulous excuse to say that Peru is known for its aggressive stance? Why offend a guarantor country at a time when we need its support?

Under these diplomatic conditions, it would be very difficult to achieve a successful negotiation if it starts during this administration.

[Vargas] Are you suggesting the postponement of the negotiations until July?

[Perez de Cuellar] The ideal situation for whomever is elected would be to start the negotiations process with a stable administration that has been democratically elected. At this time, the president and his administration lack the necessary authority to enforce a binding agreement. Unless the situation has changed, there is still much to be done. It is very likely that the administration would prefer for everything to remain unchanged until 9 April. Because the administration believes it will win the elections in the first round, it believes it will regain power.

[Vargas] Let us suppose we are weak at the time of the negotiations.

[Perez de Cuellar] I would rather not think about such a possibility. We are experiencing a confusing situation. There is no certainty at the domestic level that this conflict has been a complete military or diplomatic victory for Peru. Because the government has kept us in the dark, it is difficult to ascertain Peru's negotiating capacity. Nevertheless, we are supported by the law.

[Vargas] What people want to know is whether at the negotiating table, Peruvian diplomacy will be able to reverse a possible negative situation...

[Perez de Cuellar] In these kinds of negotiations, what is important are the political instructions passed on to the negotiator. The best negotiator is one who is invested with full powers, that is, a plenipotentiary. This is a very deceiving term, because generally he lacks full powers and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

must be in constant contact with his government. It is the head of state who makes the decisions and imparts the instructions. No matter how capable the negotiator may be, if he does not receive proper instructions from his government, there is little he can do.

[Vargas] Do you remember any international situation that is similar to Peru's case, that is, in which a negative situation is reversed through diplomatic negotiations?

[Perez de Cuellar] There are many instances of countries that have overcome their military or domestic weaknesses in negotiations with more powerful countries.

The Middle East war is a good example. Although Israel has always had military power, it lacks the demographic force of the Arab countries. It has managed the situation with great skill. Even today, it is very strong at the negotiating table. It is also true that the Arabs have never been united.

Moreover, we must take into account that this particular conflict is quite unique.

[Vargas] Does this uniqueness lie in that Ecuador varies its positions, presents itself as the weaker of the two, and in a matter of speaking, has had more leeway, while Peru bases its position on juridical grounds?

[Perez de Cuellar] Today at the CAEM [Advanced Military Studies Center], I said that we had been deceived by a false position. When Ecuador said that it accepted the upholding of the Rio de Janeiro Protocol, we believed it was a great diplomatic victory.

Sometimes we can be very naive. We wanted to give the impression that through our diplomatic ability we had made Ecuador state that it accepted the upholding of the Rio de Janeiro Protocol. I do not believe this. It has been proven that to the present time, and for the past 50 years, Ecuador has never intended to implement the Rio de Janeiro Protocol, as it is obliged to do.

[Vargas] The guarantor countries have not shown too much willingness to insist on the fulfillment of the agreement, either, have they?

[Perez de Cuellar] The guarantors once adopted an admirably firm decision, but since then their hands have been a bit tied because of their concern to appear completely neutral and impartial. This obsession has undermined more dynamic action, despite the fact that many of them, such as Chile or Brazil, have all the reason in the world to uphold the inviolability of treaties. It will always be difficult for them to uphold the Ecuadoran position. In a manner of speaking, it would be diplomatic suicide for these countries to question an amendment to the protocol that is not approved by Peru.

[Vargas] Let us discuss another supposition. If you win the elections and become president of Peru, how would you broach the negotiations with Ecuador?

[Perez de Cuellar] As soon as Peru (When was it? It is a mystery) had confirmed that Ecuador had violated our sovereignty, I would have simply boarded a plane and visited each one of the heads of state of the four guarantor countries to report the violation of the protocol. I would have told them: "Here is the evidence. You are not only obliged, but are also entitled to summon Ecuador and demand that it uphold Peru's territorial integrity until the entire border is definitely demarcated."

This was not done. It all sounds very easy to give advice now, after the development of events.

Now we would obviously have to make our neighbors sit at the negotiating table. This is not the time for proposals and gestures before the holding of negotiations. The development of events under the present circumstances make negotiations very difficult. This administration is handling Peruvian diplomacy in a very peculiar manner.

It is very difficult to specify this or that formula. The only way to resolve this problem is through holding negotiations that should lead to the reactivation of the Joint Border Demarcation Commission. It is up to the experts, who will study it in the field, as to what formula can be applied to finish placing the border markers.

How do we arrive at this? I would rather wait until after the elections to tell you what could be done.

[Vargas] We are precisely one month away from the elections. What is your assessment of the election campaign?

[Perez de Cuellar] No matter how dramatic it may be, I do not believe that the international situation will a very great impact on the elections. What the administration can exploit to its advantage is the fact that it has been able to foment patriotism and national unity. All this is very positive, but it is also a temporary situation.

People will not believe that the economic and social situation will improve because of the military and diplomatic "victories" the administration believes it has achieved.

[Vargas] Has the Alberto Fujimori administration been able to diminish the grave national social problems?

[Perez de Cuellar] I believe that it is the issue of extreme poverty that will compel the voters to make a decision. Will the national majorities reflect on this? Will they decide that living conditions have improved in these past five years? I do not believe that we can honestly say that the people are supporting this administration's policy. If they are, it would be regretful, because it means they have allowed themselves to be deceived by the official propaganda.

Observing the existing extreme poverty conditions throughout the country, one wonders how is it that we have become so tolerant of such increasing poverty. There must be a reaction.

[Vargas] What guarantees do you have that the large majorities living in poverty will heed the UPP's message and objectives?

[Perez de Cuellar] Forgive me for being so modest, but we have a far better team than the majority of political parties.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Beyond the disagreements and even ideological differences, our common denominator is the solution of national problems. It will be decisive if a large percentage of the UPP congressional list is elected.

Moreover, there are personalities who have widespread support among low-income sectors and who can transmit this message to the majority of voters.

[Vargas] In sum, what does this message consist of?

[Perez de Cuellar] It is basically as follows: to continue implementing this administration's economic policy, in addition to broaching the great social problems affecting our country.

There is nothing new in the macroeconomic program. This administration did not invent it. I did not invent it. I did, however, help to enforce it, but it is something that is being implemented worldwide, including in Cuba. What unfortunately has been lacking in Peru is a lack of emphasis on social issues. When this formula—which had to be inflexible, because this is characteristic of all IMF formulas—was enforced, this administration did not accept what I had proposed in my capacity as UN secretary general. I suggested the implementation of a social emergency program to make the IMF recommendations more flexible.

[Vargas] Different winds are blowing in Latin America regarding all-out liberalism. Which of these views do you believe are most interesting for Peru in 1995?

[Perez de Cuellar] There is a difference between reading about a political, economic, or social policy in a textbook and applying it. It is like a doctor giving prescriptions to two different people who are suffering from typhoid fever. The same illness in different organisms. It would be absurd to try to implement here the same formula that was, for example, a success in Chile, because this may not necessarily be the case in Peru.

Chile has always been considered a perfect example of neoliberalism. It is, however, a country that has adapted neoliberal guidelines to its own needs, because it has not privatized its great national wealth, that is, copper. On the contrary, it has kept it under state control. This is something that seems to be unthinkable in Peru, because if we are not careful it seems we will be privatizing even the air we breathe.

I believe we have to continue to implement a free trade policy. I see no difficulty in this. We have to combine and associate the market and the state. We have to diminish the importance of the state, but not annul it. The state has an important social function.

[Vargas] One comparative advantage attributed to you is your international experience and how this could be applied at the domestic level. Have you sufficiently exploited this situation to your advantage?

[Perez de Cuellar] Had I done so they would have said that I am arrogant and haughty. They would have alleged that I am a person who thinks like a foreigner and has no knowledge of the Peruvian situation. They would have said that I was not a "local" ["chicha"], as they say today.

[Vargas] Who is the real Javier Perez de Cuellar, then?

[Perez de Cuellar] It is difficult to say. I believe that my main trait is my naturalness. When I was UN secretary general many people were astonished by how natural I was. I dread arrogance. If I become president you will see no change in my personality.

I believe I am, and I want to be, a spontaneous person. I am what I am. There are those who allege that I am cold, distant. That is in my nature. I will not feign things. I will also not show off and say that I have this or that advantage over Mr. Fujimori. The differences are obvious. There is no need for me to specify them.

[Vargas] As in the 1990 campaign, political experience is an important issue in the 1995 elections. There are far more things at stake than what the common voter thinks. Do you believe you have properly exploited this political experience to your advantage in this election?

[Perez de Cuellar] I want to address the great majorities. In Peru, unfortunately, we are addressing two different customers—those who have enjoyed a privileged or comfortable position, and those who are in a disadvantageous position, who are the vast majority. I believe the UPP's message is addressed to those who are in a disadvantageous position, without antagonizing those who have traditionally experienced a comfortable position.

[Vargas] That is a difficult position, is it not?

[Perez de Cuellar] This is the balance that should lure the voters. I can assert that no one will be disappointed if I am elected president, because I will not harm those who enjoy a certain well-being, but I will indeed favor those who for decades have lived in inferior conditions. My main concern will be centered on the poor.

In all honesty, I must say that I have never been poor in my entire life. Precisely because of this, I would not like to end my career without having done something for those who suffer hunger, poverty, and injustice.

[Vargas] Why did you decide to enter politics?

[Perez de Cuellar] Do you believe that at my age and with all the personal success I have had, I would enter politics for mere self-gratification? Many honors have been bestowed on me. Since I was very young, I have always dreamed of making a contribution to my country. When I was a child, what do you think I wanted to be? Because I loved my city, I dreamed of becoming the mayor of Lima so that it would be the best city in the world. Now that I am old, I want to be president, because I want Peru to be the most beautiful country in the Americas. It is a very simple ambition, almost childish if you like. That is the truth, in all sincerity.

Believe me, this is the main attraction in the UPP's role as a movement.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vargas] Is this nationalistic attitude sufficient? There are the problems, the teams, the government programs, the situations of a complex and divided country...

[Perez de Cuellar] I believe that precisely because of this past filled with disagreements, Peru will enter the 21st century with a great national consensus. As president I would not turn my back on anyone. I would try to find people who want to work with me, even if they become my adversaries. What I demand is a national consensus.

[Vargas] Is this not mere political strategy?

[Perez de Cuellar] I have been educated as a rightist. Now people are saying that I am a leftist, reddish. I do not care. What is important is to work on the basis of public patriotism. Not the temporary patriotism that has resurged recently, which is beautiful but will pass. We must strive to achieve the unity of all Peruvians around central issues: health, education, work, security, hope, optimism.

[Vargas] This is also promoted by other political groups, specifically Fujimori's. This is an obvious question, but why are you opposing Fujimori?

[Perez de Cuellar] There is a difference. I am preaching something that I will implement. If Fujimori is preaching the same thing, his deeds prove that he is belying his past, because for the past five years he has been unable to halt the increasing poverty level. On the contrary, it has increased. Fujimori says that Peru must not halt, but I would rather have it that way than continue in the same situation.

He has been unable to solve anything. Even terrorism. Although I admit that it is under control, it has not been conquered. We must continue to combat it.

Unfortunately, the administration's actions regarding important social issues have been totally negative.

Antisubversive Contingents in Upper Huallaga Reinforced

PY2103003195 Madrid EFE in Spanish 1750 GMT 18 Mar 95

[FBIS Translated Text] Lima, 18 Mar (EFE)—Peruvian security forces will be reinforced by approximately 1,000 soldiers in the Upper Huallaga zone where Maoist Shining Path [SL] terrorist violence has increased in an effort to boycott the 9 April 1995 general elections.

The reinforced antisubversive contingents in this forested region where coca is grown will be further expanded with the arrival of 300 policemen who will be deployed to the "red zones" where there is a concentration of the Maoist group's terrorists.

The strengthening of security forces in Upper Huallaga was revealed today by the Lima daily LA REPUBLICA, which cites sources of the local military command.

The expected troops will again occupy posts that were abandoned when antisubversive troops were transferred to fight in the Condor Mountains border region during the armed conflict with Ecuador from 26 January to 28 February 1995.

The resumption of SL activities, according to an unidentified officer from the Tocache antisubversive base in the jungle department of San Martin, has been prompted by the absence of the troops who went to fight in the undeclared war between Peru and Ecuador.

One of the strongest confrontations of the past few weeks took place on 12 March near Batan and Mana, in Tocache Province. It ended with with the deaths of 15 SL members and five soldiers.

Two weeks earlier a SL column ambushed a military patrol in the jungle zone of Huanuco Department and killed a noncommissioned officer. This followed a similar clash that left three terrorists and one soldier dead.

In the same jurisdiction, seven members of the civilian militias known as the "peasant defense patrols," which fight terrorists, were murdered.

The military source added that the antisubversive forces will return to places that were abandoned and thus provide security to the region where between 200 and 400 active SL members are acting and are moving in different groups—with a main force of 80—throughout the Upper Huallaga. According to the report, the current leaders of the terrorist group in that region are comrades "Artemio" and "Miguel," who have been identified but whose names have not been revealed for security reasons.

The two leaders, who are being intensely sought, were chosen by Oscar Ramirez Durand, alias "Feliciano"—the current top SL leader—to intensify attacks as part of a plan to boycott the general elections on 9 April.

This SL plan was detected by the Peruvian Interior Ministry and the National Counterterrorism Directorate (Dincote), which revealed it at the beginning of the week.

An intensification of terrorist actions—although without the frequency, scope, and strength as when the SL was at its peak, prior to its collapse following the arrest in September 1992 of its founder Abimael Guzman and of most of his top leaders—has been reported in the northern jungle, in some part of the central mountains, and in Lima.

"Feliciano" took command of a belligerent SL faction which refused to give up the armed struggle and which rejected the peace agreement proposals extended by the jailed leader Abimael Guzman—who is serving life—to Peruvian President Alberto Fujimori.

The Upper Huallaga military source added that over the past few weeks dead bodies have been found outside Tocache. They are presumed to be repentant terrorists murdered by SL members to intimidate those who provide information to the security forces.

The election boycott is an old ploy of the Maoist group, which never achieved its goal. It first appeared on 17 May

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

1980, when it destroyed electoral material in an explosive attack in the village of Chuschi, in the Andean Department of Ayacucho, on the eve of the general elections that year.

Peruvian Drug Cartel Membership Described

PY1703155695 Lima EL COMERCIO in Spanish 9 Mar 95 p A12

[Report by Liz Mineo]

[FBIS Translated Text] The Interior Ministry and the DEA have an organizational chart of the mafia headed by the Lopez Paredes brothers and a namelist of some 100 members of this organization.

The organizational chart, to which EL COMERCIO had access, only mentions the main leaders, not all the members of the organization, who probably number more than 100 people.

So far charges have been pressed against 98 people and 58 have been arrested, but these numbers increase every day.

Although some arrests are significant and spectacular, such as that of Jose Pena Munoz, the port contact for shipping drugs abroad, key members have yet to be arrested.

According to the organizational chart, which started taking shape in the late 1970's, it included the production, supply, transportation, and distribution of drugs. It also included frontmen and protectors.

Production

The first important fact is that the main suppliers of raw material, although not captured, have been identified. They are key members and the first link of the drug trafficking chain.

The second conclusion is that it has still not been determined exactly who were the links between the suppliers and the mafia.

Some of the main traffickers who supplied drugs to the Lopez brothers were: Oscar Miranda, aka 'Bigote'; Alejandro Quispe, aka 'Peregrino'; Jorge Bravo, aka 'Mandela'; and Alfredo Vasquez, aka 'Baron.'

Another group of suppliers was comprised of Harrison Rivera, aka 'Leche'; Wilson Luna, aka 'Bimbo'; Efrain Ordonez, aka 'Trujillano'; Porfirio Munoz, aka 'Cholo Claudio'; Edwin Espinoza, aka 'Comander'; Modesto Rios, aka 'Tio Rios'; Willer Alvarado, aka 'Champa'; Walter del Aguila, aka 'Cabezon'; Grover Zevallos, aka [name as published]; Arnulfo Zamora, aka 'Pachame'; Egber Lopez, aka 'Jugador'; and his brother, Rousell Lopez, aka 'Adan.'

Most of the aforementioned are at large; only two of them have been arrested by the police. They all operated in various points of San Martin region: Uchiza, La Morada, Ramal de Aspuzana, Cachicoto, Saposoa, Huicungo, Aucayacu, Bellavista, and Aguaytia.

The link between the suppliers and the organization was an individual called 'Purizaga,' who the police have still not identified. Purizaga, together with Esther Castillo, aka 'La Negra,' and an individual by the name of 'Miguel' or 'Mapa' were in charge of purchasing the merchandise to be sent to northern Peru.

Transportation

Two families, the Diaz Diaz and Castillo Villalobos families, became involved with Lopez Paredes by transporting drugs from San Martin to the northern coastline.

Herles Diaz Diaz (30), an expert drug trafficker who, before joining the Lopez group in 1991, was already dealing with Mexican drug traffickers, was in charge of the northern coastline zone. He was a key man because, following Manuel Lopez's orders, he supervised the Jayanca laboratory and the transportation of the drug to the Peruvian coastline, from where it was shipped abroad.

Herles did not operate alone. His three brothers and sisters—Rosario, Milton, and Guillermo—gave him a hand. Rosario seems to have been more involved because she was Herles' right-hand assistant. All of them are under arrest.

The Castillo Villalobos and Diaz Diaz families shared their jobs; however, the former was more strongly linked to the Lopez group than the latter. Zeledith Castillo (26), who was in charge of radio communications and of controlling how the money was used, was Manuel Lopez' mistress. According to Dinandro [Antidrug Division], her sister Teresa (19) shared her responsibilities within the organization.

Another key figure within the organization was Edinson Aguilar, who was in charge of receiving the drug shipments in Piura and supervising their departure from the country through some ports in Piura.

Three key men in charge of transporting the drug to its final destination were Victor Arce and Jose Pena, who were in charge of finding ships to transport the drugs out of the country, and the owner of a well-known airline who has denied any link with Lopez Paredes. The police are also looking for a pilot named Felipe del Aguila, aka 'Felipon,' who also works for the mafia.

Distribution

As has been disclosed by the media, the circle that started with the purchase of drugs in San Martin ended when it reached the Mexican coastline. At the time of their arrest, the Lopez group supplied drugs to the Mexican cartel headed by the Quintero Payan group, which operated in Guadalajara and northern Mexico.

According to the DEA reports, the Quintero Payan group, relatives of other powerful Mexican drug traffickers—the Caro Quinteros group—were the Lopez Paredes group's main clients. This family made its deals with Jorge Lopez, who lived in Mexico and Miami. Mexican citizens Carlos Rodriguez and Jorge Troncos were the representatives of the Quintero Payan group.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

With regard to the distribution phase, special mention should be made of a much-publicized right-hand man of the Lopez Paredes group: Jose Mendiola Salgado, Tito's right-hand man, who made sure the drugs were distributed no matter what. In the organizational chart, Mendiola appears as the person in charge of safeguarding and protecting the business. He was found in possession of information that included the names and telephone numbers of high-ranking Army and police officers.

Despite the fact that the three Lopez Paredes brothers were in charge of the organization's finances and of distributing money to those close to them and to their employees to puchase chemicals and drugs, three individuals were in charge of controlling the profits obtained by their business.

The threesome was headed by a Colombian of Arab descent who, according to DEA reports, used to be in charge of the finances of the Colombian cartels. His name is Isaac Kattan Kasin, and he works with two other individuals, identified as Roque Castillo and Javier Trigoso. The three gave advice on how to launder dirty money and establish legal front businesses within the country and abroad.

The Lopez Paredes group invested in real estate. It is estimated that in Peru alone they own some 200 properties valued at hundreds of millions of dollars.

Most of the Lopez Paredes group's properties are in the names of frontmen, among them the father of Castillo Villalobos and the sons of Tito Lopez.

Venezuela

Caldera Dedicates Theater of Operations at Colombian Border

PA1803220995 Madrid EFE in Spanish 2003 GMT 18 Mar 95

[By Victor Hugo Carvajal]

[FBIS Translated Excerpt] Caracas, 18 Mar (EFE)—Amid a tense atmosphere characterized by the mobilization of Colombian and Venezuelan troops, Venezuelan President Rafael Caldera today dedicated military Theater of Operations No. 1 [TO-1] on the Colombian-Venezuelan border to fight guerrilla and other criminal activities.

TO-1's main mission is to guarantee order, security, and peace and to contribute to the economic and social development of the border region, Caldera said in Guasdualito, capital of the border state of Apure.

Caldera added that these military mechanisms are Venezuela's response to the years of abuse by guerrilla groups, drug traffickers, smugglers, and common criminals from Colombia on the border region.

Caldera, who was accompanied by Defense Minister Moises Orozco, Special Minister Pompeyo Marquez, and other important officials, said he hopes the new security mechanisms will dissuade Colombian guerrillas from attacking military posts and end border crimes.

The Venezuelan Government's firm attitude comes following the destruction of a border military post and the death of eight Venezuelan marines at the hands of 90 guerrillas of Colombia's National Liberation Army on 26 February in Cararabo on the Meta River.

The Theater of Operations means a larger Armed Forces and police presence, the creation of military courts, and the reorganization of territorial jurisdictions on the lengthy 2,219 km border with Colombia.

TO-1 includes 10 to 12 battalions, approximately 5,000 men in three Apure and Tachira state municipalities, and replaces Task Group 11, which had only two battalions.

The Venezuelan military authorities plan to create new theaters of operation at other border regions as required. [passage omitted]

Industry, Commerce Minister Resigns

PA1803045995 Mexico City NOTIMEX in Spanish 0229 GMT 18 Mar 95

[FBIS Translated Text] Caracas, 17 Mar (NOTIMEX)—Alberto Poletto, Venezuelan minister of industry and commerce and one of the principal negotiators of the Group of Three (G-3) free trade agreement, today tendered his resignation.

A high-ranking Foreign Trade Institute (ICE) official confirmed to NOTIMEX that Poletto met tonight with his advisers to announce his resignation, which has already been accepted by President Rafael Caldera.

Poletto has agreed to an appointment as international negotiations commissioner, a position created in response to the president's desire that the former minister remain part of the cabinet.

The measure has not yet been confirmed by the Miraflores Presidential Palace, seat of the executive branch, but a government spokesman is expected to officially announce the minister's resignation in the next few hours .

Possible replacements include current Federal District Governor Asdrubal Aguiar and Fernando Egana, minister of the secretariat of the presidency.

Poletto will remain at the forefront in negotiating Venezuelan trade agreements with Mexico and Colombia within the G-3; with Bolivia, Ecuador, and Peru within the Andean Group; and in other major trade agreements.

It was learned that the current commissioner for international negotiations could be Venezuela's representative to the recently created World Trade Organization [WTO], the organism that will regulate world trade.

A number of political sectors and some business sectors would have pressured for Poletto's resignation due to his price adjustment policy within the framework of achieving fiscal control, fostered by the government since mid-1994.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Complaints against the Industry and Commerce Ministry were frequent among Venezuelans, who expected the price control to be fixed, not the gradual adjustments that have been made by that office.

The now former minister of industry and commerce becomes the second member of the Caldera cabinet to resign this year. Julio Sosa resigned from the Finance Ministry.

Since Caldera took office for the second time in February 1994, almost 10 ministers and deputy minister have resigned. In the majority of cases, the resignations are believed to be over disagreements with official policy.

Guyana

State Airline Fined for Transporting Illegal Immigrants

FL1803015895 Bridgetown CANA in English 2115 GMT 17 Mar 95

[FBIS Transcribed Text] Georgetown, Guyana, March 17, CANA—The state-owned Guyana Airways Corporation has been fined G$1 million (G1 = .007 U.S. cents) by the Federal Aviation Authority (FAA) for taking illegal immigrants into the United States.

General Manager of the Corporation Captain Fazel Khan while confirming the fine told CANA this was not unusual since,"airlines all over the world" are fined for this activity. Khan said he has ordered a full investigation of all officers at the Timehri International Airport who checked in persons without proper documentation.

Since 1990 there has been an upsurge of illegal immigrants using the airline to gain entry into Canada and the United States.

Last April a smuggling ring was discovered. The ring operated out of Scarborough, Canada and Shawn Baldeo and nine others were later charged for allegedly smuggling hundreds of Guyanese into the U.S over the past two years.

Jagan: 'Firm Stand' Planned Against Escalating Drug Trade

FL1803134395 Bridgetown CANA in English 2323 GMT 17 Mar 95

[From the "Broadcast News Summary;" no dateline as received]

[FBIS Transcribed Text] Guyana's President Dr. Cheddi Jagan says his government intends to take a firm stand against the rapidly escalating drug trade. Jagan says the drug problem is an urgent one which his government will be dealing with right away. The President's statements come against the backdrop of a number of drug related killings, the latest being the apparent execution of former policeman Howard Cummings on March 1st. He says Guyana is trying to develop its eco-tourism industry and it does not want to have crime which can militate against this venture. Jagan also indicated that the government was not averse to seeking help from Scotland Yard to tackle corruption in the police force.

Jurists Recommend Inquiry Into Politician's Death

FL2003010795 Bridgetown CANA in English 2226 GMT 18 Mar 95

[FBIS Transcribed Text] Georgetown, Guyana, March 18, CANA—A three-member team from the International Commission of Jurists (ICJ) which came to Guyana to conduct a preliminary probe into the 1980 death of historian-politician Dr. Walter Rodney has recommended a comprehensive and thorough inquiry into events surrounding the death. The commission, headed by ICJ chairman Dr. Christian Tomuschat of Germany, wrapped up its preliminary probe into Rodney's death Friday night.

Key findings mentioned by Dr. Tomuschat to reporters included the fact that several official files critical to the June 13 death of Rodney are missing, and that the chief suspect in the case, French Guiana-based Gregory Smith, was indeed a member of the Army.

The ICJ team, which also included Kenyan appeals court judge R.O. Kwach and Chilean law professor Filipe Gonzalez, found that "government and judicial officials of the day made no serious effort to identify people involved in the Rodney death."

Rodney was killed when a walkie-talkie he was testing exploded. Rodney's Working People's Alliance maintains that Rodney was assassinated on the orders of the People National Congress (PNC) and that Smith planted the explosive device.

According to the ICJ team, when the PNC government finally held an inquest into Rodney's death eight years after the incident, it was "tainted with grave defects." It said a fresh look at the available evidence at the inquest is "both warranted and necessary." The ICJ group also told reporters that it could not trace police files relating to the killing.

"The team did not have access to all relevant factual elements. In particular, during its stay in Guyana, the police files relating to the death of Rodney could not be traced," Tomuschat said. Apart from the missing police files on Rodney, two reports on the findings of British specialists, a pathologist and an explosives expert, were not made available to reporters. Tomuschat said the issue was raised with Police Commissioner Laurie Lewis.

The group recommended that the inquiry conducted by the government, apart from being comprehensive and thorough, should be trusted to an impartial and independent

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

international commission "with sufficient powers to summon and examine witnesses and gain access to any relevant government files."

Noting that no criminal charges were brought against anyone other than Donald Rodney, who was in the car with his brother and injured in the blast, Tomuschat called for appeal proceedings in the criminal case against Donald, pending since February 26, 1982, to be speedily brought to an end.

Tomuschat told reporters Smith was an "important element" in the hearing of any future commission of inquiry, adding that the circumstances surrounding the departure of Smith from Guyana "should be carefully studied." The ICJ team presented its report to Attorney General Bernard Desantos Friday night. Tomuschat told CANA he was satisfied that the team had done a "good job," adding that the report will be submitted to cabinet for study. The final document will also be presented to the ICJ.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.